

Purchasing Week

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\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

What Salesmen Are Cooking Up for You in '60

This Week's

Purchasing Perspective

JAN. 4-10

FORGONE CONCLUSION? The new year already is in the bag for optimistic economists and industry spokesmen who have filled the air with forecasts of record sales and production for 1960. But the cheery outlook nonetheless calls for sharper trading than ever before; so here's how the next 12 months shape up from a purchasing man's viewpoint:

• **Material Availability**—Except for copper and steel, there's hardly a worry in a carload of any major item.

• **Quality and Service**—More will be offered than ever before if sales and marketing men carry out current sales campaign promises (see sales pitch story, this page). Despite glowing sales expectations, sales chiefs figure on a tough competitive battle with both domestic and foreign rivals.

• **Price**—As always, a touchy subject with salesmen, who hope to avoid the issue wherever possible. Most economic forecasters predict only a 1-2% rise over-all; but steel is still unsettled. So are the cost problems of many steel-dependent firms.

• **Tight Money**—Stringent money conditions loom as an in-

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Labor Unrest Casts Shadow on Year That Could Be Best in U.S. History

New York—Labor unrest is the only real black cloud looming on the business horizon. Assuming a steel settlement can be reached without another walkout, 1960 should turn out to be the best year in our history.

A PURCHASING WEEK sampling of business opinion around the country reveals this basic picture shaping up for the new year:

• **Industrial prices**—Tags will be up an average of only 1%—roughly the same percentage as last year.

• **Consumer prices**—Quotes here will be up a bit more—maybe 1½% as cost of services continues to rise.

• **Inventories**—Look for heavy accumulation especially in the first half as P.A.'s build up strike-depleted stocks.

• **Production**—Spearheaded by autos, total output should run more than 7% above 1959.

• **Plant and equipment**—Capital outlays based on a recent McGraw-Hill survey should run 10% ahead of last year.

• **Construction**—Slackening off of recent building pace won't prevent 1960 from topping 1959 by about 2%.

• **Employment**—Expected activity will keep some 67 million employed—keep unemployment down to under 4%.

The price aspect is particularly

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NEW YEAR'S EVE casualty? No. It's just a worker sampling the popcorn used by a New York firm to cushion its lamp shipments.

Says Mansfield: Steel Settlement Takes Priority

Washington—"We'll have to drop everything and concentrate on settling the steel thing if it still hovers over us after the Jan. 26 deadline," Sen. Mike Mansfield has told PURCHASING WEEK.

The No. 2 Senate Democrat (he ranks just behind Majority Leader Lyndon Johnson) solidly confirmed last week that steel would take priority in the new session of Congress if labor and management fail to agree before the Taft-Hartley injunction expires.

Mansfield listed three possible ways of settling the drawn-out hassle.

1. Arbitration—voluntary or compulsory.

2. Labor courts set up to handle wage, work rule disputes.

3. Enforced negotiations under

(Turn to page 33, column 4)

If They're Domestic, They'll Push Quality; If They're Foreign, They'll Plug Low Price Tags

A Special PW Survey

New York—More salesmen than ever before will be hitting the road in 1960 to bombard, badger, cuddle, and charm purchasing executives.

A PURCHASING WEEK survey of sales and marketing campaigns mapped by scores of big and little firms in key industries shows that vendors will hit industrial buyers with one of three basic approaches:

Packagers Demand 1-Year Extension

Washington—Packagers are asking for a one-year extension of the March 5 deadline set by the government for proving the safety of their products when used to wrap food.

The industry claims it faces a hectic scramble for substitutes if the extension is not granted by the Food and Drug Administration.

The packagers say they are harder hit than other segments of the food industry because "food additives" is a new field to them. Until now, they could use any material they considered

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PW's Crystal Ball

How accurate is the Purchasing Week forecast for only a 1% rise in industrial prices over the next year? Pretty accurate—judging from a PW roundtable prediction of a year ago. The experts predicted last December only a 1-2% rise over 1959—despite all the talk of inflation at that time. Exact rise: 1.3% according to PW's own industrial price index.

• Salesmen representing U.S. firms will concentrate on quality, service, reliability and delivery. They will promise the sun, moon, and stars and push new products and problem-solving techniques. But they'll shy away from price talk.

• If they are selling foreign imports, salesmen will converse mainly in dollar sign language. They will promise not only cost economies but quality and service as well.

• Salesmen in highly technical fields, such as electronics and other space age industries, often will try to avoid the purchasing executive and duck through a back door to contact the design engineer and others they hope to sway into specific brand designations on requisitions (see editorial below).

Pressure from rising prices is the prime catalyst forcing drastic tactical changes in sales and marketing programs in the coming year. And, while most firms are predicting soaring sales, many also quietly admit, "It will be tough sledding when the buyer pops the cost question."

With little price-play, domestic firms consequently will be battling head-on to win buyers via competitive fringe benefits. But the cost advantage could give for-

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At Purchasing Week's Roundtable:

Administered Pricing Is Here—But Is That Bad?

Washington—Administered prices—prices set independently of the usual supply-demand cycle—are part of the economic facts of life. That was the consensus of a panel of price experts attending PURCHASING WEEK's roundtable on administered prices.

But that's where the agreement ended. The panelists found themselves in sharp conflict over practically every other aspect of this subject.

Their views, contained in a transcript of the roundtable (see pages 20-23), highlight all the basic issues in what is now shaping up as the big price debate of 1960.

Major points of contention: the effect of administered prices on inflation, recession, and competition.

Panelists also were sharply divided on the need for rewriting economic theory to take into account the interaction of two forces—administered pricing

and a freely competitive marketing system.

Point by point, here's what they said on inflation, recession, remedial action, competition, and economic theory:

• **Inflation**—While several of the experts thought that administered prices were at the bottom of "creeping inflation", another group rejected that idea outright—pointing to monetary and fiscal policy as the culprits.

• **Recession**—Adherents of the administered price theory believed there was a direct connection between price rigidity and the 1957-58 recession. But some of the other panelists explained the drop as part of the cyclical business pattern.

• **Remedial action**—Suggestions that government action be taken—in the guise of public hearings—were sharply rejected by some of the panelists.

(Turn to page 20, column 2)

A Word to the Wise

It's almost a truism in the business community that the purchasing executive is the least power-greedy, the least politics-minded. Without wishing to sway this sober attitude one inch, PURCHASING WEEK now suggests that the profession take serious note of the following:

A new switch on an old sales strategy is in the making. The object is to by-pass you. Watch it.

Specifically, some makers of complicated machinery and products are saying: "The P.A. can't understand this sophisticated stuff. It's a waste of time talking to him—he'll only get the story fouled up. So we're going straight to the engineers and designers."

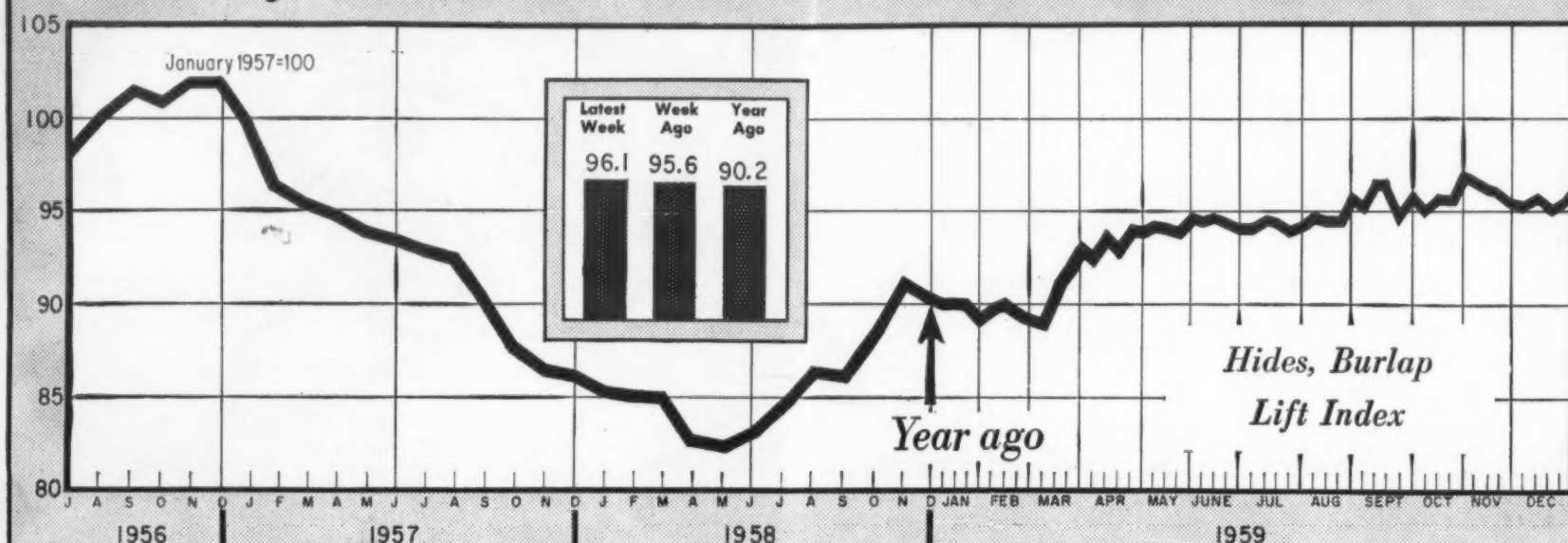
Admittedly, few purchasing executives can put together a computer or transistor in their basement workshops. On the other hand, it's a standout fact (proved over and over again in PURCHASING WEEK research) that the P.A. virtually is a walking advertisement for new products, ideas, techniques—anything that spells improvement.

In short, no P.A. is going to block a better way of doing things for vanity's sake. Why, then, should he tolerate a game of hide-and-seek in his own shop? Good housekeeping dictates:

Don't let 'em get away with it.

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

| | Dec. 30 | Dec. 23 | Year Ago | % Yrly Change |
|---|---------|---------|----------|---------------|
| METALS | | | | |
| Pig iron, Bessemer, Pitts., gross ton..... | 67.00 | 67.00 | 67.00 | 0 |
| Pig iron, basic, valley, gross ton..... | 66.00 | 66.00 | 66.00 | 0 |
| Steel, billets, Pitts., net ton..... | 80.00 | 80.00 | 80.00 | 0 |
| Steel, structural shapes, Pitts., cwt..... | 5.50 | 5.50 | 5.50 | 0 |
| Steel, structural shapes, Los Angeles, cwt..... | 6.20 | 6.20 | 6.20 | 0 |
| Steel, bars, del., Phila., cwt..... | 5.975 | 5.975 | 5.975 | 0 |
| Steel, bars, Pitts., cwt..... | 5.675 | 5.675 | 5.675 | 0 |
| Steel, plates, Chicago, cwt..... | 5.30 | 5.30 | 5.30 | 0 |
| Steel scrap, #1 heavy, del. Pitts., gross ton..... | 42.00 | 42.00 | 43.00 | -2.3 |
| Steel scrap, #1 heavy, del. Cleve., gross ton..... | 41.00 | 41.00 | 38.00 | +7.9 |
| Steel scrap, #1 heavy, del. Chicago, gross ton..... | 40.00 | 40.00 | 43.00 | -7.0 |
| Aluminum, pig, lb..... | .26 | .26 | .247 | +5.3 |
| Secondary aluminum, #380 lb..... | .239 | .239 | .218 | +9.6 |
| Copper, electrolytic, wire bars, refinery, lb..... | .338 | .339 | .286 | +18.2 |
| Copper scrap, #2, smelters price, lb..... | .26 | .26 | .233 | +11.6 |
| Lead, common, N.Y., lb..... | .12 | .12 | .13 | -7.7 |
| Nickel, electrolytic, producers, lb..... | .74 | .74 | .74 | 0 |
| Nickel, electrolytic, dealers, lb..... | .74 | .74 | .74 | 0 |
| Tin, Straits, N.Y., lb..... | .991 | .99 | .984 | +.7 |
| Zinc, Prime West, East St. Louis, lb..... | .125 | .125 | .115 | +8.7 |
| FUELS | | | | |
| Fuel oil #6 or Bunker C, Gulf, bbl..... | 2.00 | 2.00 | 2.00 | 0 |
| Fuel oil #6 or Bunker C, N.Y. barge, bbl..... | 2.37 | 2.37 | 2.37 | 0 |
| Heavy fuel, PS 400, Los Angeles, rack, bbl..... | 2.15 | 2.15 | 2.15 | 0 |
| Lp-Gas, Propane, Okla. tank cars, gal..... | .05 | .05 | .055 | -9.1 |
| Gasoline, 91 oct. reg., Chicago, tank car, gal..... | .113 | .115 | .115 | -1.7 |
| Gasoline, 84 oct. reg., Los Angeles, rack, gal..... | .11 | .11 | .108 | +1.9 |
| Kerosene, Gulf, Cargoes, gal..... | .095 | .095 | .096 | -1.1 |
| Heating oil #2, Chicago, bulk, gal..... | .096 | .096 | .10 | -4.0 |
| CHEMICALS | | | | |
| Ammonia, anhydros, refrigeration, tanks, ton..... | 88.50 | 88.50 | 86.50 | +2.3 |
| Benzene, petroleum, tanks, Houston, gal..... | .31 | .31 | .31 | 0 |
| Caustic soda, 76% solid, drums, carlots, cwt..... | 4.80 | 4.80 | 4.80 | 0 |
| Coconut, oil, inedible, crude, tanks, N.Y. lb..... | .19 | .188 | .203 | -6.4 |
| Glycerine, synthetic, tanks, lb..... | .293 | .293 | .278 | +5.4 |
| Linseed oil, raw, in drums, carlots, lb..... | .176 | .176 | .163 | +8.0 |
| Phthalic anhydride, tanks, lb..... | .165 | .165 | .205 | -19.5 |
| Polyethylene resin, high pressure molding, carlots, lb..... | .325 | .325 | .325 | 0 |
| Rosin, W.G. grade, carlots, fob N.Y. cwt..... | 13.10 | 13.10 | 9.85 | +33.0 |
| Shellac, T.N., N.Y. lb..... | .31 | .31 | .31 | 0 |
| Soda ash, 58%, light, carlots, cwt..... | 1.55 | 1.55 | 1.55 | 0 |
| Sulfur, crude, bulk, long ton..... | 23.50 | 23.50 | 23.50 | 0 |
| Sulfuric acid 66% commercial, tanks, ton..... | 22.35 | 22.35 | 22.35 | 0 |
| Tallow, inedible, fancy, tank cars, N.Y. lb..... | .06 | .06 | .074 | -18.9 |
| Titanium dioxide, anatase, reg. carlots, lb..... | .255 | .255 | .255 | 0 |
| PAPER | | | | |
| Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt..... | 17.20 | 17.20 | 17.00 | +1.2 |
| Bond paper, #1 sulfite, water marked 20 lb, car. lots, cwt..... | 25.20 | 25.20 | 24.20 | +4.1 |
| Chipboard, del. N.Y., carlots, ton..... | 95.00 | 95.00 | 100.00 | -5.0 |
| Wrapping paper, std. Kraft, basis wt. 50 lb rolls..... | 9.25 | 9.25 | 9.00 | +2.8 |
| Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle..... | 6.30 | 6.30 | 6.40 | -1.6 |
| Old corrugated boxes, dealers, Chicago, ton..... | 22.00 | 22.00 | 23.00 | -4.3 |
| BUILDING MATERIALS | | | | |
| Cement, Portland, bulk carlots, fob New Orleans, bbl..... | 3.65 | 3.65 | 3.65 | 0 |
| Cement, Portland, bulk carlots, fob N.Y., bbl..... | 4.18 | 4.18 | 4.29 | -2.6 |
| Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm..... | 126.00 | 126.00 | 119.00 | +5.9 |
| Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm..... | 137.00 | 137.00 | 129.00 | +6.2 |
| Douglas fir, 2x4, s4s, carlots, fob Toronto, mftbm..... | 104.00 | 104.00 | 109.00 | -4.6 |
| TEXTILES | | | | |
| Burlap, 10 oz. 40", N.Y., yd..... | .107 | .104 | .105 | +1.9 |
| Cotton middling, 1", N.Y., lb..... | .332 | .332 | .357 | -7.0 |
| Printcloth, 39", 80x80, N.Y., spot, yd..... | .230 | .230 | .182 | +26.4 |
| Rayon twill 40 1/2", 92x62, N.Y., yd..... | .235 | .235 | .22 | +6.8 |
| Wool tops, N.Y., lb..... | 1.59 | 1.59 | 1.43 | +11.2 |
| HIDES AND RUBBER | | | | |
| Hides, cow, light native, packers, Chicago, lb..... | .215 | .205 | .192 | +12.0 |
| Rubber, #1 std ribbed smoked sheets, N.Y., lb..... | .420 | .422 | .302 | +39.1 |

† Source: Petroleum Week † Source: Engineering News-Record

This Week's

Price Perspective

JANUARY 4-10

THE NEW YEAR isn't going to be any cinch for the crystal ball gazers—at least not where prices are concerned.

For despite expected record demand, there doesn't seem to be any across-the-board pattern of price trend emerging. A general upward tendency will obscure a lot of specific declines.

No matter what price category you want to look at—sensitive material tags, farm quotes, industrial wholesale prices, or the cost-of-living—you'll find a wide scatter of strength and weakness.

This "mixed" pattern is significant. It means there's very little danger of any sharp inflationary push. Such a surge is impossible with so many commodities still being marketed from a position of weakness.

SENSITIVE INDUSTRIAL RAW MATERIALS will probably show the most strength of all in 1960—with something like an average 3% boost expected.

That's no surprise. Rising world demand, inventory buildup, and increased Russian buying will all exert a firm upward pressure on prices.

These should push up PURCHASING WEEK'S Industrial Materials Price Barometer close to 99 (January 1957 = 100) by next December. However, that would still leave it about 8% below the 1955 peak.

Also, it won't be an across-the-board rise. In the metals group, possible price boosts for aluminum and steel (both hit by higher labor costs), will be balanced by weakness in copper, lead, and zinc. Strength in chemicals, wool, and cotton could be partially offset by easiness in gasoline and tire yarn.

FARM PRODUCTS are the weakest link in the whole 1960 price structure.

According to the latest government report, farm prices are only at about 85% of the 1947-49 levels—the lowest point in almost four years.

And this average could sag even lower in the coming months—on the basis of peak farm output and still-growing farm surpluses.

Meat supplies, for example, are expected to hit a record high of 28.3 billion pounds in 1960—a rise of about 4% over 1959. Look for weakness, too, in corn, wheat, coffee, cocoa, and dairy products.

This price easiness will offset rises in industrial materials—thereby keeping overall commodity prices (food and non-food) relatively stable.

INDUSTRIAL WHOLESALE TAGS—which cover the wide range of goods bought by P.A.'s—are expected to inch up about 1% over the coming year.

Here a variety of factors will be exerting an influence on prices.

On the upside—there'll be a 4% boost in wage rates. And record demand makes 1960 as good a time as any to pass these additional costs along.

But there's an impressive list of anti-inflationary forces to make some suppliers think twice before posting a boost. These include: ample supplies, more than adequate capacity, credit controls, productivity gains, buyer resistance, imports, and pricing investigations.

Result: While some price boosts are likely, they'll tend to be small.

CONSUMER PRICES are expected to show little change in their slow, inexorable climb upwards.

You can expect another 1.5% rise in the cost of living by next December.

Biggest increases are again expected for services (housing, medical, and transportation), which should rise by about 3% over the year.

Other upward pressures will come from non-food commodities, which will inch up in line with higher wholesale price tags.

About the only commodity that will be steady to lower is food.

Lumber: Up in First Half, Down in Second Half

With Prices Strong Now, Averages Will Hold Close to Levels Set in '59, Say the Experts

New York—Lumber and wood prices should go up during the first part of 1960. But lumbermen, surveyed by PW correspondents, expect some price slippage in the second half with averages for the year holding close to 1959 levels.

Going into the new year the price situation is much stronger than lumbermen had expected a few months ago. This is mainly due to three factors:

- **Low inventories.** Dealers and jobbers let their inventories—both lumber and plywood—dwindle, then started building them up about a month ago. Result: Low November prices firmed and have been rising since.

- **Climate.** Heavy rains and flood conditions in the Northwest and Southeast have led to some scarcity in dry dimension lumber.

- **FHA grading requirements.** The Federal Housing Administration announcement that it would accept only grade marked lumber for FHA-insured houses built after April 1, 1960 touched off a flurry of buying activity at advancing prices. According to *Construction Daily*, a McGraw-Hill newsletter, \$60 to \$80 million worth of lumber shipments from British Columbia face cancellation because of inadequate grading facilities.

This situation, it is reported, has increased lumber purchases in anticipation of shortages in grade lumber when the ruling goes into effect.

There is some question whether traditional January price hikes will occur. These hikes are due to reduced inventories brought about by weather conditions and by plant shutdowns for the holidays. But this year, buyers may have anticipated these hikes by stocking up in the last two months of '59. If this is so, expected price hikes will be held up.

But opinion is unanimous that prices will go up by March.

Plywood price increases are definitely expected to be held off till late February or March.

Informed industry sources predict less price fluctuation in plywood this year than last—below 1959's \$85 top (per 1000 ft. 1/4" sanded fir) and above the \$64 low.

The only early anticipated price weakening is due, in the words of one lumber executive, "in some of the lower grades of lumber which many of the agencies (FHA, local, etc.) are trying to eliminate from the building picture."

In general the lumber industry looks for a good year in 1960—though not quite up to 1959 levels.

In 1959 lumber production rose by 10% over 1958 and prices went up almost 8% (see chart above, right).

In 1960 residential construction—by far lumber's most important market—will be down. Housing starts in 1960 are expected to fall some 10% from 1959 levels.

The impact of this drop should be felt in lower lumber and wood prices during the second half of

1960. The slippage could be enough to pull average prices below those of 1959.

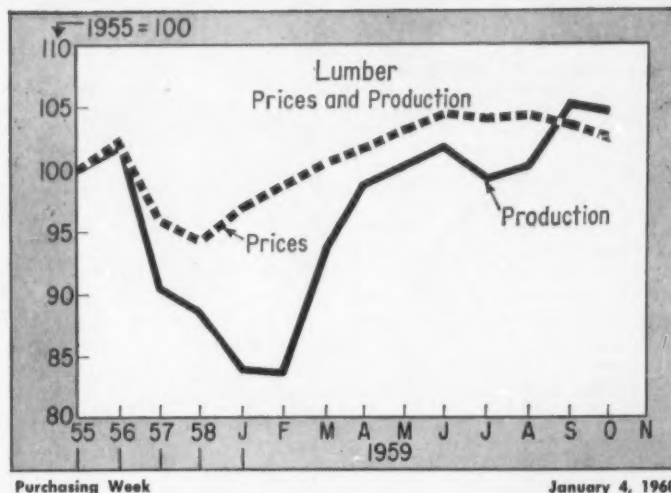
Combining with this price-depressing factor will be the increased production capacity that the industry will put in operation next year. Plywood capacity alone is expected to go up 10%.

Supporting the market against these elements, industry officials point to:

- **Industrial and commercial construction prospect.** Sharp gains in these areas will help offset the expected decline in new housing.

- **Furniture demand.** Furniture sales, which boomed through 1959, are expected to gain about 5% next year.

- **Export sales.** Some big lumber companies are excited by what they feel will be a dramatic increase in lumber and wood exports next year.



The Guillotine Test Proves—

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—has more than twice the impact resistance

As you can see in the pictures, the crashing blow of the test lab's guillotine couldn't even bruise a sample of HDNF. Never before have the G.T.M.—Goodyear Technical Man—and his colleagues developed a fabric for conveyor belts with such built-in impact resistance.

Its rip-resistance, too, is unsurpassed. Fastener pull-out strength is 10% to 15% above normal. Its special balanced weave means good load support.

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This new kind of belting can very well be the answer to your toughest belting needs. Why not check with the G.T.M.—through your Goodyear Distributor or by writing Goodyear, Industrial Products Division, Akron 16, Ohio.

IT'S SMART TO DO BUSINESS with your Goodyear Distributor. He can give you fast, dependable service on Hose, V-Belts, Flat Belts and many other industrial rubber and nonrubber supplies. Look for him in the Yellow Pages under "Rubber Goods" or "Rubber Products."



The split second before the guillotine strikes conventional belting a 5,300 in.-lb. blow.

The moment of impact—a 10,600 in.-lb. blow crashes into the HDNF sample.

Result: 3 plies broken in the conventional belting.

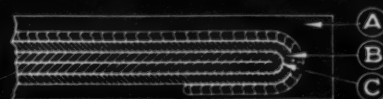
Result: not even a mark on the sample of HDNF.



GOODYEAR INDUSTRIAL PRODUCTS

G.T.M.-Specified

HDNF Conveyor Belting Fabric for severe service



- A Thick, tough, high-tensile-strength rubber cover for exceptional resistance to abrasion
- B Special weave of heavy-duty cotton and nylon fill yarns for excellent resistance to impact and ripping
- C Skim coat of rubber for added flex-life

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THE GREATEST NAME IN RUBBER

Gloom Fills JEC Report on Battle Against Inflation

Washington—A long-awaited report out of Congress is pessimistic on one of the toughest issues facing business men and the government next year: how to fight inflation.

The report is the product of six months of work by 25 experts hired by the Democratically controlled Joint Economic Committee to analyze and recommend policies on maintaining full employment, maximizing economic growth, and stabilizing price levels.

Otto Eckstein, director of the staff that compiled the 488-page report for the committee, set down the group's major findings:

- Annual expansion of the economy of almost 5% a year is possible for the next 15 years—almost double the 2.5% annual increase in the years since Eisenhower became President;

- But Eckstein says that in order to do this, you probably have to accept at least a minimum of inflation.

Eckstein is not enthusiastic about the prospects of halting inflation by government intervention in the wage-price spiral. He grants that administered pricing by some corporations, and the power of strong unions to push up wages—what he calls market power—is a big factor in the inflation story. (See PW Roundtable Report p. 1, 20-24.)

"But it is not the whole story," he warns.

It accounts for little of the inflation in nonmanufacturing sectors of the economy, he argues, and even in manufacturing such elements as supply shortages in some lines and increases in labor and materials costs must be given their due.

Market Power

A separate chapter in the report is devoted to the problem of market power and what government should do about it. The first recommendation is for a stronger anti-trust policy. The second is for more liberal imports, to serve as a check on rising domestic prices. At the bottom of the list the report lists government intervention, and this is included with obvious misgivings.

"There should be a presumption against government intervention in wage and price determination," the report states. If anything at all is done in this field, only the mildest type is suggested—appointment of presidential fact finders who would be empowered to make recommendations regarding the justification of proposed wage or price increases.

Neither Side Happy

Neither the Democrats nor the Republicans on the Economic Committee were completely happy with the staff's findings, and the prospect now is that the Republicans and Democrats on the committee will split along party lines in submitting their own reports to Congress by the end of January.

Eckstein is sharply critical of the way the Administration has

This Week's

Washington Perspective

JAN. 4-10

Vice President Nixon will be under continuous scrutiny from now on. His virtual nomination—now that Gov. Nelson Rockefeller has withdrawn—makes him a target of Democrats from all angles, as well as responsible in part for the acts of the Eisenhower Administration in its last year.

To businessmen, how he will perform on such subjects as labor, inflation, trade, and, of course, peace is important. Last week, Nixon was saying nothing, like brer rabbit, but once again was reported active behind the scenes in trying to ease a steel strike settlement.

Count on Nixon to be friendlier to the unions than Eisenhower is in the present steel crisis. He and Secretary of Labor James Mitchell, a potential running mate, have tried to give comfort to the steel workers, without violating the White House policy of keeping hands off as much as possible. He will have an influence in any Administration or congressional efforts to thwart future nationwide shutdowns of key industries.

Nixon will try to confine his role as a Senate vote tie-breaker as much as possible, but his own party followers, and Democratic attackers, will insist he take a stand.

A sweeping new U. S. government program to push American exports overseas is in the works in Washington. Under the wing of the Cabinet-level National Advisory Council, a number of pieces of the over-all package plan are being hashed out. The plan is scheduled to be presented to Congress in about two months.

Most dramatic plank would call for a government sponsored insurance program to finance short-term export credits. For Ex-Im, or any other U. S. agency or private insurance firm to back export credits with fractional reserves would require new legislation.

Another part of the program would provide for a stepped-up government campaign in the U. S. to encourage domestic companies to export more and to improve sales methods abroad. This phase may include proposed antitrust law exemptions for export trade associations.

The Commerce Department is winding up its 1960 forecasts, industry by industry.

Steel drums and pails: Production and shipment are expected to be just about as big in first half of 1960 as first half of 1959, with 1960 as a whole increasing by 5%, over \$295,000,000 of shipments in 1959. Big increases are expected in chemical and paint containers—10%—and a 2% rise in food and oil containers.

Flexible packaging products: Sales of converted flexible packaging products should reach \$550 million in 1960, some 10% over 1959.

Commercial refrigeration: Shipments of equipment are expected to rise 5% in 1960 over 1959; central air conditioning will make a 10% increase.

There's no change in Washington policy involved in the sale of \$30 million of textile machinery to the Soviet Union.

The sale is a huge one—especially when you compare it with this year's total exports to Russia of slightly more than the \$3.4 million sold there in 1958.

The deal was approved routinely by the Department of Commerce because the equipment involved does not involve any items classified as contributing to Russia's warmaking potential. Over the past months, Commerce has been approving export licenses for textile machinery and equipment, products, plant blueprints and technical processing data.

But the productive equipment does not include machinery for making the synthetic fibers which Khrushchev particularly wants and which U. S. firms—and the U. S. government—have wanted to keep out of his hands. Commerce officials have turned down orders for this kind of capital goods.

managed the nation's economy since 1953. He writes flatly that "even the most vigorous measures to halt inflation" will not stimulate business expansion—which has been the cornerstone of Administration policy. In fact, Eckstein says that the anti-inflation fight has been a major cause of holding down economic growth.

On the other hand Eckstein knocks down the pet theories of some of the Democrats—that inflation can be halted by going all-out to stimulate business ex-

pansion, or by attacking the administered price policies of big corporations and the rigid wage policies pushed by strong unions.

Instead, Eckstein says the inflation of recent years is caused by sudden shifts in demand, rather than a broad excess of demand over supply. He finds these inflation-causing markets to be these: steel and machinery, among production goods; construction; government purchases, chiefly of arms; and in the area of personal services—medical care, personal services, and rent.

When Congress

ANTITRUST

This election year finds little steam in Congress behind any new antitrust legislation. There will be talk about laws to require advance hearings on price increases, to do something about high drug prices, and to give antitrusters power to subpoena company documents. But none has much of a chance for passage.

Most likely is a continuing criticism of payola of all kinds—and of the federal agencies that are supposed to regulate business.

PRICE INVESTIGATIONS

The probe of drug prices by the Senate Antitrust Subcommittee will continue through spring and summer. Yet to be investigated are antibiotics, tranquilizers, vitamins, vaccines, and perhaps others. Financial tie-ins among drug firms along with patent monopolies and cross-licensing of patents as possible restrictions on competition will be studied more thoroughly. The drug price probe follows earlier investigations of administered prices in steel, autos and bread.

STOCKPILING

Big issue this year will be government authority to sell off nearly half its \$8 billion strategic materials hoard. Office of Civil and Defense Mobilization plans to ask Congress for broader leeway to unload supplies it considers in excess of defense needs. An early test will involve copper.

DEFENSE

Agitation for a greater share of military business to small firms will increase. A Senate subcommittee headed by Smathers of Florida will play up the issue with another investigation. A broader-ranged inquiry into defense procurement policy is planned by the two armed services committees. This is the study authorized by last year's extension of the renegotiation law. It will delve into buying practices, profit allowances, operation of the renegotiation system, and the like. The controversy over weapon system contracting and advertised vs. negotiated procurement will come to a head. Prospects are slim for any major change in policies.

TARIFFS AND TRADE

U.S. enters key trade agreement negotiations with European economic blocs and other GATT members at Geneva next fall. To boost exports as part of a drive to correct international payments imbalance, Washington will pursue as free a trade policy as possible in an election year. One stumbling block is the prospect of a new congressional drive to legislate higher tariffs and quotas on specific commodities, particularly lead and zinc, and other non-ferrous metals.

COMMODITIES

Government supports—or lack of them—for domestic commodity producers will remain virtually unchanged. But the Administration is adopting a new willingness at least to talk about international commodity stabilization plans with less developed nations that depend on commodity exports. The International Tin Agreement comes up for extension at the United Nations. Efforts will be made to devise other world market pacts for coffee, copra, lead, zinc, and rubber.

TAXES

Corporate income tax rates will be extended, as will the so-called Korean excises. Some effort may be made to increase the motor fuel tax to increase highway trust fund revenues. The big thing to watch for: whether the anticipated surplus in Eisenhower's 1961 budget will prompt lawmakers in an election year to do something about tax cuts. Chances are exceedingly slim, but a big surplus is in sight and almost certainly will create talk if not action.

LABOR

Prospects for major labor legislation hinge on the outcome of the steel strike. Congress is prepared to consider a national emergency strike ban if the walkout begins again in late January. Only other likely order of business is a hike in the \$1.00 federal minimum wage and extending the law to cover several million retail and service employees.

FOREIGN AID

Eisenhower will ask Congress for an appropriation of about \$4 billion, up from the \$3.2 billion that the last session voted. This is one place where the Democrats, if they follow past performances, are almost certain to make some cuts. The fight is starting early, with Senate Democrats demanding detailed accountings of past aid efforts in some countries. The Administration has yielded a little by furnishing an edited report on aid expenditures in Viet Nam; now Congress wants similar reports on other countries, including Iran and Thailand.

AGRICULTURE

Democrats mainly lean toward direct farmer subsidies in lieu of the present farm price support system that has piled up tremendous surpluses of wheat. But Democrats are badly divided, farmers are unable to agree, and the Administration is dead set against it. There is no realistic hope for any new basic farm law in 1960. Yet the farm issue will be exploited by the Democrats, who think they see another "rebellion" in the Midwest, comparable to that of 1948 that gave Harry S. Truman his surprise victory over Thomas E. Dewey.

Reconvenes: Much Noise, but Few Business Laws

Washington—Congress reconvenes this week in a boom atmosphere that should discourage any anti-business legislation.

The new session of the Democratic-controlled body promises a lot of noise, but a minimum of accomplishment. As long as business is good, Congress is usually reluctant to interfere.

In any appraisal of the probable shape of 1960 in the national legislature, two factors are overwhelming:

• First, it's a presidential year, and politics will clutter up everything. When Democrats are not fighting Republicans on a plain old party-line basis, Democratic presidential candidates will be pushing for personal advantage and, in the process, frequently squaring off with each other.

• Second, the year opens with the economy in a sound condition generally and with only three domestic worries. These are the stalemate in the long, frustrating steel dispute; sagging agricultural income, and a year-end decline in housing starts.

The congressional leadership, strangely silent up to now, has begun to put some pressure on steel. Senate Leader Lyndon Johnson's chief lieutenant, Democratic whip Mike Mansfield of Montana, has told the two parties, in effect, to work out their differences before Jan. 26 expiration of the Taft-Hartley injunction—or else (see story, p. 1).

Other segments of the business world are also under attack, but how much pressure will be applied remains the big question.

Sen. Estes Kefauver has had at least emotional success in his probe of drug prices and says he intends to keep going. But Kefauver appears to be more content on talking down drug prices than on making any serious attempt to legislate them down.

Shady advertisers and the TV industry are in some trouble too, but as the session opens, it appears Congress also may be content to let exposure—rather than legislation—impose restraint.

May Try Tax Reduction

Republicans suspect the year may bring a Democratic attempt to reduce income taxes. An Eisenhower budget showing a few billion surplus will, so the rumors go, give rise to Democratic arguments that a \$4-billion or \$5-billion surplus is attainable and taxcutting is possible—if economic growth is stimulated and if some tax loopholes are closed.

This is clearly an "iffy" situation, and no tax cuts are in sight. The President will insist on using surplus for debt retirement.

Money will command a lot of attention. Eisenhower will ask again, and early, for congressional removal of the 4¼% statutory interest rate on long-term government bonds. Democrats stymied this request last session.

There is little optimism among Administration spokesmen that things will be different this time. Some Republicans feel that, as a counter, the Democratic Congress will specifically write out authority for the Treasury Department to discount long-term bonds—a move that presumably

would accomplish the end that Eisenhower wants. That is, of course, to make the yield attractive enough so that a larger portion of the debt can be shifted into long-term paper.

Early in the upcoming session, the Congressional Joint Economic Committee, under the chairmanship of Sen. Paul H. Douglas (D. Ill.), will make a report on its year-long study of inflation.

If it goes as expected, the Democratic majority will put

much less emphasis than the Republicans on stopping inflation—and, conversely, more emphasis on the need for stepped-up economic growth and for greater national effort in such areas as help for the aged, housing, education, water resource developments, and even space exploration.

If anything, the President will probably be called upon to veto more—not less—Democratic legislation than last session. This is because Democrats are already

stung by the Administration's "peace and prosperity" theme, and to win the White House in 1960, the Democrats need some issues. The quickest way is to legislate—to try for a law, and make it an issue if the veto is applied.

Bear in mind that the presidential nominating conventions come in July—Democrats, July 11 in Los Angeles; Republicans, July 25 in Chicago. This precludes any marathon session such as in 1959.

Congress, therefore, will have to settle down to work early. And there will not be a great deal of time for much beyond the necessary appropriations bills. The Senate, moreover, is committed to a Civil Rights debate that will begin in mid-February and may last a month.

In context, it seems safe to predict that labor legislation—if the steel impasse persists and forces Congress to act—will be the big accomplishment of this session.



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One Cloud on Business' Horizon: Labor Unrest

(Continued from page 1) encouraging in light of an expected 4% boost in wage rates over the year. But with the same anti-inflationary factors operating as in 1959 (government pressure, productivity boosts, more than ample capacity, foreign competition), it is hard to see anything more than a 1% boost in over-all industrial tags in the year ahead.

Upward and downward forces will balance out, keep any rise to a modest proportion. For more details on the price outlook, see the Price Perspective (page 2).

With prices held in check, most gains over the new year will be real, not the illusory, inflated kind. PW economists see these gains adding up to a whopping Gross National Product of over the one-half trillion mark by mid year. That's close to 5% above the last quarter 1959 estimate, and the highest GNP ever.

GNP Should Hit \$515 Billion

By end of the year GNP should be close to \$515 billion. That's a gain over the current level of more than 7%—a healthy gain by any standard.

Split this over-all GNP figure into the major spending areas and you get a better idea of where 1960 strength will be centered.

As far as business spending is concerned, two elements must be considered: inventories and capital equipment outlays.

As noted above, capital investment spending is expected to run about 10% above a year ago. There may be some lag in early 1960, however, since some equipment suppliers are still feeling the after effects of the recent steel strike.

Biggest Improvement in Steel

But by the second quarter of 1960, this damper on capital expansion should be eliminated.

Biggest improvement for the year is expected in steel, where a 76% boost in capital outlays is anticipated. Other industries planning rises in capital spending are paper and pulp (35%), rubber (31%), autos and parts (30%), chemicals (24%), and machinery (22%).

In the non-manufacturing field, expected gains are not quite so spectacular, but nevertheless are still impressive. Substantial outlay increases, for example, are anticipated for railroads (10%), other transportation and communication (14%), and commercial (9%).

More Spending Possible

It is quite possible that these anticipated expenditures may actually be exceeded for previous experience indicates that preliminary plans are usually revised upward in times of prosperity.

The other big segment of business spending—inventory buying—is also slated for a big rise. Rebuilding of strike depleted stocks, plus increased needs to meet booming production schedules, will push over-all stocks up about 6% above current levels by end of 1960.

Gains in the first half will be greater than in the second because of abnormally low supplies. Hard goods generally will show a bigger rate of increase than soft goods. It is quite possible also that hard goods stocks will show

a 9% boost over current levels by next December.

Turning to the consumer—far and away the largest spending block in the economy—the outlook seems just as rosy. As things now stand, a 5% rise is anticipated in over-all consumer spending.

Hard goods manufacturers and retailers probably will do a bit better than this average—while soft goods may turn out a bit lower.

Reason: the excellent automobile year that is now being

forecast. Assuming no steel strike, Detroit hopes to rack up the second best year on record—7 million cars or a 25% boost above 1959.

The rise in the third big area of spending (the government segment) will be held down. The termination of the Administration to hold defense outlays to \$41 billion means no appreciable gain in federal outlays for goods and services.

But larger state and municipal outlays will tend to offset the federal effort towards economy. The

gain in local and state spending could be in the order of over \$3 billion—and should be enough to push the over-all government spending figure (state, local, and federal) up about 3% or so.

Spending on imports is also slated for a modest boost. Rising U.S. incomes, new foreign sources of supply, and lower overseas prices, will all combine to keep imports in uptrend.

But the gain will be much lower than in 1959 when a whopping 20% increase was recorded. Something in the neighborhood of 3% to 5% is anticipated for imports in the year 1960.

The more moderate estimate

for 1960 is in part due to the expected drop off in auto imports. The impact of domestic compact cars should blunt the selling effect of small foreign models.

On the export side of the trade coin, things are beginning to look up. Prosperity abroad, plus a greater U.S. sales effort, should push exports up to about \$18.5 billion—about 12% above 1959's \$16.5 billion.

All this spending, of course, should add up to a healthy boost in industrial production—as much as 7% over 1959. Again hard goods will be the brightest spot, with an impressive gain of from 8 to 10%, according to PURCHASING WEEK analysts.



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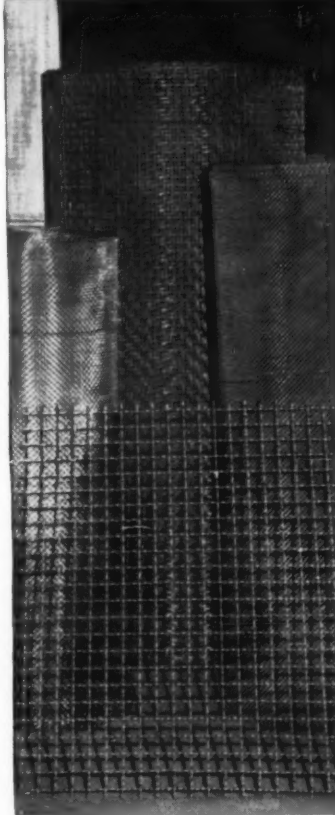
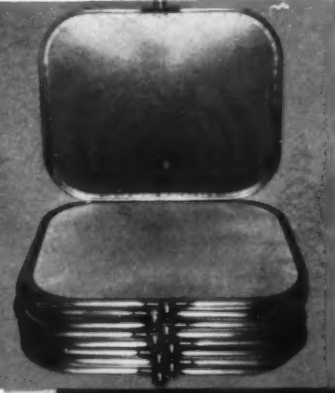
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Industry by Industry Outlook for The New Year

What's ahead for industry in the coming year? Following is a checklist of predictions for major industries prepared by McGraw-Hill specialists.

STEEL—Production of ingots and castings in 1960 is expected to increase a whopping 40% over 1959's output of about 91 million tons. This means steel output of 128 million tons in '60.

ELECTRONICS—The electronics industry anticipates manufacturers' sales will approach \$11 billion in 1960, a gain of more than 10% over 1959. In 1959, this growth industry's dollar volume approached the \$10 billion level for the first time. Industrial electronics, accounting for almost 20% of total industry sales, should be a \$2 billion market in 1960.

ALUMINUM—Manufacturers are anticipating a new peak in production of domestic primary aluminum as well as consumption in 1960. Industry experts are forecasting a gain of 12% this year to 2.15 million short tons. All of the major aluminum consuming industries, except residential construction, are expected to need more tonnage.

LEAD AND ZINC—Zinc may be expected to pick up sharply in 1960, once steel begins to flow in normal fashion. Demands from the auto, appliance and machinery industries suggest a 10% gain in zinc consumption. A 9% increase in consumption of lead may be expected.

AUTOS—The new "economy" cars seem to be getting a good reception. Comparable imports selling at a price higher than \$1,750 will be seriously hurt, but those with a lower price tag are likely to continue to hold their share of the market.

TEXTILES—An increase of as much as 5% is forecast for textile output—unit apparel sales may well be up 4%. The auto industry, biggest industrial consumer of textiles, will probably boost its demand by 15%.

PAPER—Manufacturers of paper and allied products expect their output to rise at a slower rate this year than total industrial production. They forecast a 6% increase in physical volume of shipments for 1960, with the biggest gainer in the converted paper products group.

CONSTRUCTION MATERIALS—The biggest increase forecast for 1960 is made by glass producers. They look for a 10% gain in their physical volume of shipments based on peak demand from the auto industry for automotive glass. Manufacturers of structural clay products anticipate a 5% gain in 1960. Cement manufacturers are forecasting the smallest gain, only 2%.

PETROLEUM—Demand for petroleum in 1960 is expected to rise about 3.5%. Increases in consumption rates for the major petroleum products will range from about 2% for heavy fuel oil to 7% for jet fuels.

RUBBER—Manufacturers now expect a 15% gain in physical volume of sales in 1960.

FURNITURE AND FIXTURES—Companies in this industry anticipate a 5% increase in unit volume in 1960. It is quite likely that sales of office

furniture and store fixtures will make a bigger gain in 1960 than home furniture.

FABRICATED METAL PRODUCTS—Manufacturers of products ranging from metal stampings to heating apparatus, on the average, expect to increase output by 6% in 1960. The biggest gain anticipated is by manufacturers of boiler shop products.

RAILROAD EQUIPMENT—Railroad equipment manufacturers anticipate an increase of 11% in unit volume of shipment.

CONSTRUCTION AND MINING MACHINERY—Construction and mining machinery manufacturers anticipate a 9% rise in unit sales despite the fact that they are facing sharply increased foreign competition.

METALWORKING MACHINERY—The industry, on the average, is anticipating an increase of 21% in volume of shipments. Metalworking machinery companies are also forecasting a 19% rise in the dollar volume of new orders for the first

nine months of 1960 compared with the same period in 1959.


OTHER INDUSTRIAL MACHINERY—The physical volume of shipments of this industry (pumps and compressors, engines and turbines, textile machinery and food and processing machinery as well as many other types of industrial machines), can be expected to rise about 8%.

AVIATION—Manufacturers of aircraft and parts anticipate a 5% increase in over-all production, but estimates of individual

companies vary widely with a few talking of gains as high as 25%.

APPLIANCES—Based on the current outlook for higher family incomes in 1960 coupled with reduced home construction, appliance manufacturers—electrical and gas—now anticipate a gain of 8% in physical volume of appliances sales for 1960.

FOOD AND BEVERAGE—Manufacturers expect a gain in unit sales of 5% in 1960, with food sales expected to be up nearly 5% and beverages 7%.



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This Changing Purchasing Profession . . .



M. W. HENRY E. C. SILVER

Richmond, Va.—Matthew W. Henry, vice president and director of purchases, Reynolds Metal Co., retired Dec. 31. Earl C. Silver succeeds him as director of purchases.

With the firm 28 years, Silver started out with former Reynolds' subsidiaries. From 1931 to 1941 he was purchasing agent of the American Thermometer Co., St. Louis. The last 12 years he served as assistant general purchasing agent.

Henry joined the firm in 1935 and in 1949 he became general purchasing agent. He was elected an assistant vice president in 1945 and vice president and director of purchases in 1947.

Clifford J. Gurney, coordinator of trade relations in the purchasing department of Standard Oil Co. (Indiana) retired Jan. 2 after 39 years service. Edward M. Bruzelius, chemical buyer in the supplies division, takes over Gurney's post.

Harold G. Kempster has been named purchasing agent by Peters Co., Portland, Ore.

James A. Simpson has been promoted from Midwest purchasing agent to divisional purchasing agent by Crown Zellerbach Corp.'s Western-Waxide Div. and will now be at the San Leandro office.



W. B. BRYANT J. A. SIMPSON

Kenneth Snyder has been promoted from purchasing clerk to assistant purchasing agent, Central Airlines, Inc., Fort Worth, Tex.

Robert E. Anderson has been made manager of purchasing with responsibility for component procurement, subcontracting, receiving and shipping by Control Data Corp., Minneapolis.

Ernest T. Bullock has joined Fasco Industries, Rochester, N. Y., as assistant purchasing agent. He had been a buyer with Stromberg-Carlson Co.

John K. Seitz, former purchasing executive, has been elected vice president in charge of production, Pacific Clay Products, Los Angeles, Calif. He had been production manager and before that served as purchasing director.

Claude L. Hall, former assistant purchasing agent, succeeds Benjamin F. Mathews as general purchasing agent, Western Union Telegraph Co., New York. Mathews retired Dec. 31 after more than 47 years service with the firm.

Douglas E. Benson has been promoted from purchasing agent to director of purchases at Blackstone Corp., Jamestown, N. Y.

George H. Doherty has been made purchasing agent by Globe Woven Belting Co., Inc., Buffalo, N. Y.

Roderick A. Paulson succeeds George Loney, who retired, as purchasing agent, Equitable Savings & Loan Association, Portland, Ore. Paulson will also continue as personnel director.

Donald R. Smith has been ap-

pointed assistant purchasing agent, Montebello Fabricating Div., Mon-Fab, Montebello, Calif.

Sumner Waite has succeeded his wife, Grace, as purchasing agent, Bearing Sales & Service, Inc., Seattle. The two had worked in the same office since 1950. Mrs. Waite has taken a post with General Motors Corp.

William B. Bryant has been made manager of the general purchasing department, Interna-

tional Business Machines Corp. Supplies Div. engineering laboratory, Vestal, N. Y. Formerly a technical specialist in the Federal Systems Div. plant, Owego, N. Y., he had previously been purchasing administrator at the Endicott, N. Y., plant.

Fred P. Stokes, buyer in Monsanto Chemical Co.'s plant in Addyston, near Cincinnati, has been advanced to assistant supervisor in the manufacturing services department. He will be responsible for purchasing and related functions.

John J. Colpitts has been made associate director of purchases for the Salada-Junket Div., Sa-

lada - Shirriff - Horsey, Woburn, Mass. He had been marketing manager for Salada Tea.

Herbert E. Ramm, purchasing agent for Anken Chemical & Film Corp., Newton, N. J., has also been elected assistant treasurer.

James G. Daly has joined the American Fabrics Co., Bridgeport, Conn., as assistant purchasing agent. He had been assistant purchasing agent at American Chain Co., York, Pa.

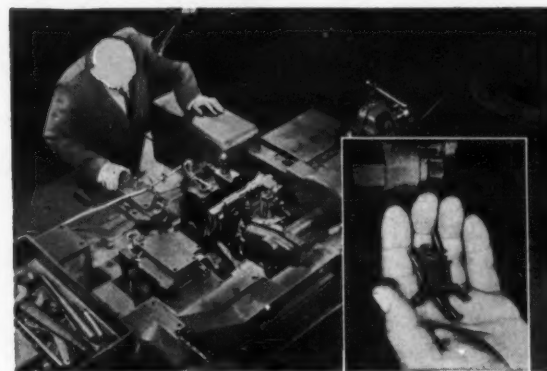
Charles A. Hasenstab succeeds Ernest Petro as purchasing agent for Drayer-Hanson, Los Angeles. Petro resigned to enter his own business.

Which picture do you fit?

Here are four *actual* customers* with different, but exacting product and technical needs. One uses Bridgeport rod in a range of alloys, the second Bridgeport strip. A third makes fasteners from Bridgeport Brass wire.



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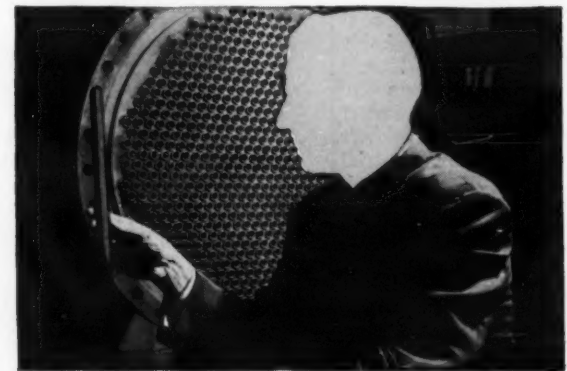
"CONSISTENT GAUGE. We need Bridgeport quality brass wire to make thousands and thousands of fasteners of every description," says Customer C. "High-speed, volume cold-heading production is only as good as the alloy wire that's used. Bridgeport Brass wire is made to exact tolerances for cold-heading at high speeds—we depend on it."

These examples typify national metalworking opinions. There's no mystery why manufacturers the country over depend on Bridgeport—Bridgeport products and service are *close at hand*. The many brass, copper and aluminum alloys made by Bridgeport in rod, tube, wire and strip are *readily* available from stocks in your area;

The fourth company uses Bridgeport condenser tubes and Technical Service to produce quality heat exchangers. Which picture do you fit with your raw materials and manufacturing requirements?



"LONG-LENGTH COILS. They're one reason why we can depend on Bridgeport for strip," says Customer B. "Superior surface finish from Bridgeport saves us production costs. With their Sendzimir mill finish and exact gauge and width in long-length coil, you can see the reasons why we depend on Bridgeport for brass, copper and aluminum strip."



"PRODUCT PLUS SERVICE," says Customer D. "We manufacture heat exchangers for many applications. Our requirements include good technical and engineering service as well as a wide choice of brass, copper and aluminum tube alloys. All of these are available from Bridgeport."

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Leasing Trend Gains Among Industrial Buyers

Not Only Production Machinery, But Office And Materials Handling Equipment Are on the List

Purchasing agents will have to bone up on leasing during the coming year. If present trends hold true, industry will lean more than ever to leasing of such items as production equipment, office equipment, business machines, autos and trucks, and materials handling equipment.

That's what some 100 financiers, and accounting, production, and purchasing executives were told at a recent American Management Association conference on leasing.

Victor H. Lanahan, purchasing agent of Heppenstall Co., Pittsburgh, summed up the views of many purchasing men: "I'm here to learn about leasing. Then I'll go back and work out plans with the treasurers, accountants, and lawyers. It's something we've heard about for a long time, but never done anything with."

Lanahan believes leasing will be profitable for some of Heppenstall's forging operations, especially the smaller, highly specialized finishing jobs that normally are subcontracted. "There's not enough volume in it for regular production, but maybe we could make it pay if we leased the machinery."

Investment Through Rental

D. P. Boothe, president of Boothe Leasing of San Francisco and a leading authority in the field, told the group that the "fundamental idea of leasing is to get someone to put money into your business through equipment you can pay for like rent." He went on to say that "Companies have to work with 'what's on the table'—if you can get more equipment without a capital investment, then you're ahead."

Leasing, Boothe pointed out, can help a company by cutting capital expenditures and by giving the firm a bigger write-off against taxes. It also is a way for a small company with a low credit rating to get what amounts to a loan for capital equipment.

Reduces Equipment Investment

It has big practical operating advantages, too. Leasing is one way a company can protect itself from getting stuck with a lot of wholly-owned, obsolescent equipment. And it's an ideal way to acquire highly specialized equipment needed for short-term production contracts and defense business.

Frank K. Greisinger, assistant treasurer, Lincoln Electric Co., held up these warnings for P.A.'s and others who administer the leasing contracts: Watch out for contracts with nominal purchase price options at the end of the lease. The Treasury Department may hold that they are ordinary conditional sales contracts, and that you really bought the equipment. This means you lose the tax benefit of the rental charge-off against profits. Also avoid a deal where you pay the cost of maintenance and repairs because it may make the lease a purchase agreement, in Internal Revenue's eyes.

Greisinger also recommends use of a professional leasing company to help you steer clear of legal pitfalls. And don't forget

that leasing terms are just as much open to negotiation as any other purchase price. Shop around to be sure to get the best deal, he advises.

Bert E. Philips, General Manager of the Industrial Truck Div. of Clark Equipment Co., Battle Creek, Mich., told a real success story for material handling equipment leasing. Clark started leasing as a 6-month experiment in

1953; now leases 8,000 trucks annually out of a total industry output of 30,000 vehicles.

Philips believes that leasing has a real advantage for the smaller company. About 70% of Clark's leased trucks are in the hands of firms worth less than \$500,000. Besides the obvious dollar benefits listed above, leasing allows the small firm to vary the size of its truck fleet to meet seasonal needs, and also makes available the latest, highest capacity equipment.

Benefits to the seller are many,

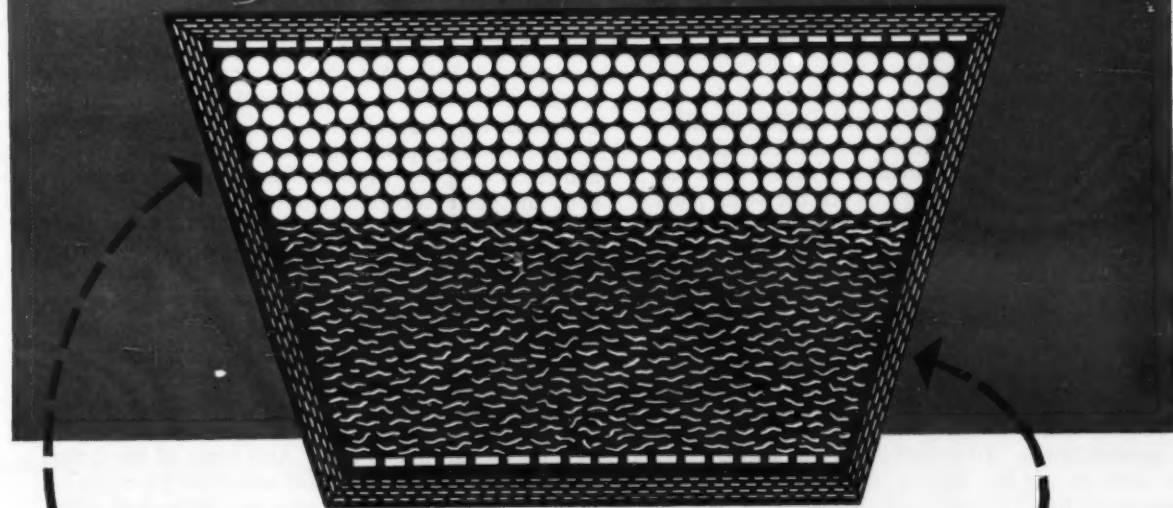
too. "It's like having a captive customer," says Philips. Clark can level out seasonal production schedules to meet needs of leasing programs. And the close relations with a customer gives Clark a lot of information about a truck's performance. This helps improve truck design and funnels back new methods and uses to the customer.

Charles J. Smith, vice president and controller of Peterson, Howell and Heather, Inc., Baltimore, told the conference that automotive leasing has proved to be the most spectacular success of the leasing field. Now plans are available, he said, that make fleet leasing practical for even

one and two car companies. Many local auto dealers can handle leasing, he added.

Reporting on the leasing policies of Textron, Inc., Providence, R. I., John M. Randolph, assistant secretary, pointed out that Textron leases all transportation equipment and new plant facilities, plus some machinery and equipment. All leasing is done through corporate headquarters, he noted, on a formula which determines the cost of the lease compared with the cost of purchase. After the dollar values are worked out, the company negotiates with the lessor to work out the most favorable arrangement for local operating people.

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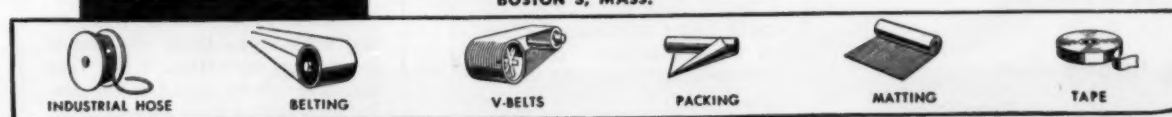
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P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

Making Research Work

There's been a lot of noise about the boom in research that's just around the corner. Estimates on expenditures for R & D for the coming decade put the probable total at \$28 billion by 1969 (or, on a per capita basis, about \$140 per year for each American). But what's often overlooked is that only 10% of products cooked up in laboratories survive in the marketplace.

High though that mortality rate is, it's part of the price of progress. Hard-headed purchasing men throughout industry have a great deal to do with bringing the gaudy new ideas down to earth and putting them to work. According to the best predictions now current, some of the more dramatic innovations upcoming are plastic buses and railcars, cars without wheels, better drugs, pelletized foods, and better disposable textiles and footwear.

Key man in evaluating the new materials will be the purchasing agent. Just as unknown materials like titanium and silicon have marked the 50's, P.A.'s will be sizing up newer materials like beryllium, zirconium, exotic ceramics, and glass during the coming 10 years. All the signs point toward increasing importance for the man in charge of material procurement as industry pushes ahead with its plans for modernization through use of better, more automatic equipment. And, in that connection, a key consideration is . . .

Depreciation

The rules laid down by Uncle Sam through the Internal Revenue Service have a far-reaching effect on the pace of industrial modernization. To keep you abreast of the basic techniques now in use by industry in figuring payoff on capital equipment, here's a brief listing of the three favorite systems:

Straight-line method: Under this method the corporation assumes that an equal amount of the productive value of an asset is used up each year. For example, if a machine costs \$10,000 and has a useful life of 10 years, the yearly depreciation will be \$1000 or 10% per year.

Declining-balance method: This method uses twice the straight-line depreciation rate and is sometimes called the "double declining balance" method. Applied to undepreciated balance (not the original cost), it works like this: For a \$10,000 machine with a 10-year life span, this means a 20% deduction (twice 10%) for the remaining value each year. That's \$2,000 the first year, \$1,600 the second year (20% of \$8,000), \$1,280 the third (20% of \$6,400), and so on.

The balance never gets to zero, but once the value has diminished to about 10% of cost, straight-line can be used to clean up the remainder.

Sum-of-digits method: This method uses a special formula to reflect high initial depreciation. For an asset with a ten-year life, all the digits are added up: $1 + 2 + 3 + 4 + \dots + 10$. The total is 55. This becomes the denominator (bottom half) of a fraction or rate. The numerator comes from taking the digits in reverse order. Thus the deduction for the first year is 10/55 of initial costs, 9/55 the second year, 8/55 for the third year, and so on. After 10 years the sum of the fractions is 55/55, and the depreciation deductions total \$10,000.

The Pace of Inflation

This election year the subject likely to dominate all public debate is inflation—a subject that probably has been kicked around by more thinkers than any other this past year. A book that puts the whole issue in perspective is "The New Inflation," by Willard L. Thorp and Richard E. Quandt (McGraw-Hill).

Thorp-Quandt point out that inflation ceases to creep and starts to gallop when confidence in the currency is lost and "the game becomes how to pass it on as quickly as possible." The authors go on to say:

This rising velocity not only represents the disintegration of the monetary system but the disappearance of normal criteria from the process of buying and selling . . . One of the chief arguments against . . . creeping inflation . . . is that it will accelerate into a galloping inflation . . . But the fact is that many countries have had creeping inflation for long periods without ever having it degenerate into a rout. And some of the Latin American countries, Brazil and Chile, for example, have had . . . rapid inflation for long periods without its leading to a collapse."

Nevertheless, in America, the preeminence and integrity of the dollar would suffer gravely under those conditions. Therefore industry's firm intention to hold the line—and purchasing agents' determination to do their part—provide the best course for long-term stability and growth.

Short Pointer

Chronic worry in industry: Alcoholism. Chances are, according to the experts, that one in 33 is at least a problem drinker. Signs to watch: Monday-morning absences and unexplained changes in mood or quality of work. Point to remember: Problem drinking is a disease. It should be treated by competent medical personnel.

Follow Up: Letters and Comments

Word on the Engine

Los Angeles, Calif.

In your Nov. 30 issue you had a very interesting article on a new Curtiss-Wright engine ("New Engine Has Three Moving Parts," p. 1).

Can you supply any further details?

Edward H. McLaughlin, Jr.
Union Hardware & Metal Co.

• For more on this new type engine see page 28, "Latest Word on That Rotating Engine: No Problems, Production by Mid-1961."

Leasing Information

Reno, Nevada

In one of your recent issues there was an article on the pros and cons of renting equipment, automobiles, trucks, etc. I have lost my copy containing this

article. Would you please send me a copy of the article?

Harold Curran
Purchasing Agent
City of Reno

How to Kill Bugs

Canoga Park, Calif.

I am writing for information about an article on page 1 of the Dec. 7 issue ("Bugs? They Drop Dead").

I would like Consolidated Paint & Varnish Corp.'s address, as I would like more information about the "Kill-Sept" paint.

Jack Krebs
Hollywood Deep Tone Mfg. Co.

• 505 Fifth Ave., New York 17,
N. Y.

Help on Letters

El Paso, Tex.

If reprints are available, I'd like to have one of Write Letters That Bring the Results You Want" by C. W. Wilkinson (PW, Dec. 29, '58, p. 6).

Sheldon Turner

• Despite numerous requests reprints are still available.

To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Follow-Up," PURCHASING WEEK, 330 West 42nd St., New York 36, N. Y.

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What advance can purchasing be expected to make in the 1960 management picture?



R. S. Hill, District 1
Arizona Public Service Co., Phoenix:

"The purchasing agent will be recognized more than ever before. Integrity will continue to be his most important function as he shapes the progress of the sixties. Purchasing agents will be limited only by their inability to learn and plan. If I were offering any fatherly advice, it would be to urge purchasing men to profit by their past experience and to keep on indulging in new experience to add to their needed knowledge."



F. L. Scott, District 2
Baker Oil Tools, Inc., Houston:

"Purchasing will continue to advance. Advancement will not be spectacular or easy, but it will be moderate and deserved. The job that purchasing can do is being recognized more each day. It is up to each of us to continue to gain and deserve recognition. Unfortunately as a whole we are judged primarily by the actions of a few. We are rated not as a profession but as individuals. So as individuals we must gain recognition for the whole."



W. M. Davis, District 3
Macomber Inc., Rock Island Steel Division, Rock Island, Ill.:

"With the educational program that is well underway in NAPA, I am sure purchasing men are going to be better equipped to do a better job for management. There seems to be much interest being shown in education and public relations, which are both very necessary ingredients in purchasing's efforts to gain recognition. There are ways and means of becoming better equipped by self-educational methods."



J. M. Berry, District 4
Kennedy Tank & Mfg. Co., Inc., Indianapolis:

"I hope 1960 will be the start of an era when management and the public will think of quality and service rather than only low prices whenever purchasing is mentioned. As an important member of the management team, the purchasing agent should be the leader in stressing quality from vendors and quality in his company's products. Purchasing should strive to keep management informed of market changes and trends."



Paisley Boney, District 5
J. P. Stevens & Co., Inc., Greensboro, N. C.:

"Purchasing will be recognized more for the contribution it can make to company profit. The importance of the department in a company that spends more of the sales dollar than all other departments combined will attract the attention and respect of successful top executives. At this point purchasing will have its opportunity to produce more profit. What could be closer to the heart of top management?"



C. W. McVicar, District 6
Rockwell Mfg. Co., Pittsburgh:

"Other members of the purchasing executive's management team expect him to make substantial money-saving contributions to profit. He must become increasingly effective and efficient. This he does by keeping informed through NAPA membership on value analysis, standardization, and public relations techniques. Application of these techniques, plus adherence to NAPA 'Standards of Conduct,' will lead to continued advancement."

Additional Answers on page 12.

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PURCHASING WEEK Asks NAPA Vice Presidents

What advance can purchasing be expected to make in the 1960 management picture?

(Continued from page 11)



S. L. Jackson, District 7
Humphreys Gold Corp.,
Jacksonville, Fla.:

"Through its knowledge of materials, inventory controls, market conditions, etc., purchasing is management's greatest ally in its struggle to hold the price line by controlling cost. Purchasing's knowl-

edge will be utilized in capital expenditure planning, as well as in the purchase of major equipment. Through these contributions it will earn and be given a seat in top management circles."



E. W. Noble, District 8
Moore Business Forms,
Inc., Niagara Falls, N. Y.:

"Purchasing should make a small but significant advance. The NAPA will assist this advance by offering to its members the latest in purchasing tools and techniques. With such information available, purchasing agents will better perform the purchasing function. A purchasing job well done, plus a little publicity, will earn more management recognition for purchasing."



E. E. Michaelson, District 9, Atlantic Wire
Co., Branford, Conn.:

"There are many ways in which this question can be answered. But I feel that basically any advance that purchasing can be expected to make in the management picture in 1960, or at any time, will be based on the contributions of the individual purchasing agent to his company."

Army Uses Roll-on Truck, Too

New York—The Army has stepped up its "roll-on—roll-off" highway trailer operations to speed supplies and equipment to overseas bases as much as six weeks ahead of previous schedules.

Three hundred lightweight aluminum trailers, built especially for the Army by the Kingham Trailer Co., St. Louis, presently are being moved overseas by the Navy's Military Sea Transportation Service.

The trailers, which are "rolled" onto special cargo ships for loading and driven off at their destination without special loading or unloading equipment, are transported in Europe by the U. S. Army Transportation Highway Transport Command.

Time Cut to One-Third

The new joint service teamwork currently enables the Army to deliver to Manheim Ordnance Depot, Germany, a 27-foot sealed trailer of ordnance spare parts, which, only 20 days earlier, was loaded at Raritan Arsenal, N. J. Only a year ago, the same trip required from 60 days to three months.

The ultra-efficient delivery service is possible because of the USNS Comet and the USNS Taurus, "roll-on—roll-off" vehicle ships. Private industry is currently investigating the advantages in this type of operation.

"To date, the new trailer service has eliminated much of the costly and time-consuming handling of small lot shipments requiring consolidation and sorting at Army Terminals," said Lt. Col.

Charles Mason, head of the trailer transport operation.

"The aluminum trailers protect cargo from damage by weather, sabotage, and pilferage," he added. "Sensitive, expensive cargoes, such as electronic materials, can be shipped with much greater safety."

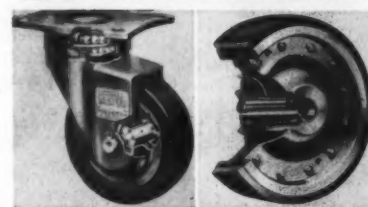
Italy Reports Steel Production Soars to 660,000 Tons/Month

Milan—The Association of Italian Metallurgy Industries reports that Italy's steel production rose to 660,000 metric tons in October, a new monthly high, as compared with 620,000 metric tons produced in September.

Rolled steel production reached 560,000 metric tons in October, as against September's 496,000 metric tons. Cast iron production, however, dropped some 14,486 metric tons during the same period.

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Metallogics at work...IN STEEL



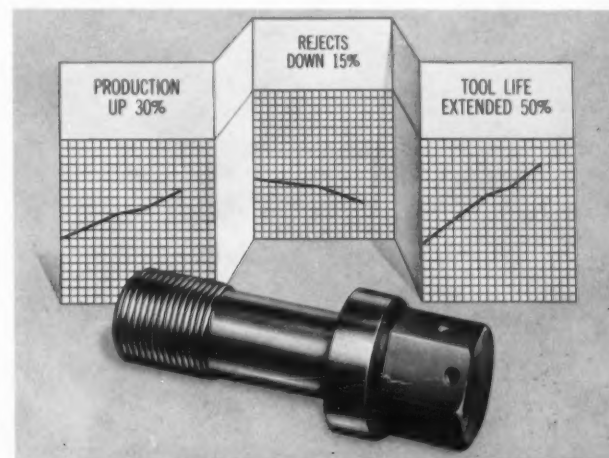
Both good steels—but only one was right for the job. Severe stresses imposed by this forming operation caused a high rate of reject for a fabricator using hot rolled plate to the usual ASTM-A7 spec. A Ryerson specialist suggested change to Ryerson welding and forming plate—a prompt solution to a costly problem.



Missile component problem solved. Titanium stringers in stainless forged bars were creating a high reject rate for a missile parts manufacturer. His Ryerson specialist recommended a switch from Type 321 stainless to Type 347. Result: the same stabilized corrosion-resistance and strength—but no titanium stringers.



The need was urgent. A breakdown was cutting output of a big paint producer, but steel to repair the break was not available locally. A call to the nearest Ryerson plant 200 miles away resulted in delivery of 100' of bar stock at the airport an hour later. Three and one-half hours after calling Ryerson in another state, the customer had his steel.



Value analysis boosts production 30%. This was the outstanding result when a metalworking company studied and evaluated production of piston pin bolt-heads with a Ryerson representative. He recommended Rycut® 40—the world's fastest machining alloy steel in its carbon range. Other results: rejects reduced 15%... tool life increased 50%... better finish.

Metalogics at work... IN ALUMINUM



Furniture manufacturer saves 15¢ per unit on every chair produced. A *rolled* aluminum angle in 6061-T6 alloy was being used where strength was not an important factor. A Ryerson aluminum specialist suggested an *extruded* angle in 6063-T5 which gave all the strength needed in the application, was more easily formed, had better appearance—and reduced costs as well.



Better product appearance and a saving in material cost resulted when a Ryerson man recommended that a producer of portable coolers switch from one aluminum alloy (3003-H14) to another (5005-H14). Slightly higher structural strength was a bonus value. Unusually broad aluminum stocks and technical resources often enable Ryerson to serve in this way.

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METALOGICS—see details of complete program on next page



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Brings Newest Developments

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Gives New Measure of Quality

Quality—now there's a word that's worn thinner than an office-seeker's shoe sole. But Ryerson Metalogics has given it new meaning, with a brand-new set of rigid quality-control standards that are completely detailed and published for your scrutiny. They govern every aspect of specifications, verification, packaging, cutting and certification of all Ryerson products. If you want a tangible example of the scope of this new quality program, take a good look at Ryerson cutting tolerances. Then see if you can find any that are held more closely.

Provides Best Technical Help

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Strike Threats Cloud Outlook for 1960

Disputes with 3 Major Unions May Signal Trouble for Industry

Washington—The 1960 bargaining year contains the ingredients for a labor-management explosion.

It also holds the hope—however feeble—for diminishing the bitterness at the bargaining table.

Ushered in with the New Year was the still-smoldering steel dispute, the beginnings of a major contest between the nation's carriers and one million rail union employees, and the first signs of a sharp tangle between five AFL-CIO unions and the major electrical products companies—General Electric and Westinghouse.

All three point to serious trouble. If the steel companies and the United Steelworkers can't settle by negotiation, Congress will do it by fiat before January runs out. At this point, neither solution is likely to satisfy management or labor.

Work Rules Showdown Likely

The steel terms won't hold for other bargaining rounds ahead. Major railroads have prepared for a long time for a showdown on "featherbedding" of work rules with their employees who run the trains. In the electrical industry, James B. Carey's International Union of Electrical Workers has waited through a five-year contract to demand a guaranteed annual wage and unemployment benefits from G.E. and Westinghouse.

Added to this, the inflation threat still hangs over the bargaining table to inhibit coming negotiations in aircraft, clothing, shipbuilding, and airlines. Pay demands, of course, will be part of the rail and electrical talks, too.

Automation Haunts Scene

Over the entire labor-management scene is the shadow of automation and the understandable battle it creates between workers trying to hold on to their jobs and management hoping to cut out jobs outmoded by the machine age and new management techniques.

These were the elements that ran rampant in 1959, and led to the biggest post-war strike year, topped by the 116-day steel strike and the copper walkout that lasted 135 days. All still present for 1960.

The prospects of another round of trouble has the experts in the labor-management field working overtime to try and head it off. Already, a number of plans are being worked out, coming from both labor and management—and the government.

Here are some major possibilities:

- The White House is promoting a general conference of the top leaders of industry and labor—slated for this spring—to talk out their differences. No bargaining issues will be on the agenda. The subject matter will be the mutual aims of the employer and the union and the object, to keep them in conference while they become re-acquainted and lose the antagonism built-up in recent years.

- Last year's most important settlement, the Kaiser agreement with the United Steelworkers, has a key provision designed to break the post-war pattern of steel strikes. Three of the nation's top mediators—George W. Taylor and David L. Cole, both former federal mediation chiefs, and John T. Dunlop, arbitrator in the construction industry—are empowered to devise a "share the progress" steel formula for strike-free labor negotiations.

- In the new meatpacking labor contracts, the major meat producers have agreed to provide \$500,000—at a rate of one cent for each 100 pounds of meat shipped—to ease the impact of automation on the industry's employees.

If any one of the three attempts is successful, it is likely to start a stampede from other labor and management groups for the solution.

While 1960 spotlight will be on bargaining trouble spots, two-thirds of those employees covered by the big labor agreements (5,000 and over) will be getting raises, without lifting a finger.

Delayed Pay Hikes Big Factor

Some 2.6 million workers are assured wage increases negotiated in 1959 and earlier. The payments are spaced throughout the year, by industry, with the biggest chunk falling in the third quarter. Manufacturing alone has 1.6 million employees—mostly in autos and farm equipment—who will collect a minimum six cents next fall.

The remainder of the delayed pay hikes are split among 548,000 construction workers and 325,000 in transportation. The craft union members will average a sizable 15 cent automatic hike (66 thousand will collect a fat 22¢ an hour) and in transportation, seven to eight cents.

These deferred increases, while they keep labor peace in a good part of the labor-management picture for 1960, have a way of stirring up those doing the negotiation route.

On the one hand, the wages being paid out by other employers in the same industry become the union negotiator's rock-bottom asking price. On the other, they assure a new round of wage increases whether the 1960 economic picture is good or bad.

Deferred pay hikes are a built-in factor for 1960 and so is the rising cost-of-living. More than three million employees have their paychecks tied to the government's consumer price index. If this goes up, so do their wages.

The 1960 outlook for living costs, at this point, is for a mild rise. In fact, government experts anticipate a year of relative price stability which should minimize the escalator contract in the year ahead. However, it can cause headaches for employers if it gets out of hand.

Labor-Management Checklist for 1960

1959 Summing Up: What Happened

—The Steel negotiations:

Nine months — and the steel strike — 116 days

—Key settlement:

Kaiser Steel and United Steelworkers. Cost 22.5¢ over 20 months.

—Other big settlements:

Aluminum, 28½-30¢ over three years.

Copper, 22.4¢ over two years.

Rubber, 10¢.

Meatpacking, 15¢ over two years.

—Average wage hike: 9¢.

1960 Outlook: What's Coming

—2.6 million workers collect automatic pay hikes, average 6 to 7¢.

—Key negotiations:

Railroads, electrical products, aircraft and, of course, steel.

—Most significant issue:

Work rules and automation.

| Key Contract Ends | Industry | Union | Automatic Pay Hikes |
|------------------------------|---------------------------------|-----------------------------------|---------------------|
| Now negotiating | Railroads | Operating and non-operating union | None |
| Jan. | Anthracite | Mine Workers | None |
| March, April, May | Aircraft | United Auto Workers | None |
| May and thereafter | Telephone | Communications Workers | None |
| June | Shipbuilding | AFL-CIO Craft Unions | None |
| Sept. | Airlines | Transport Workers | None |
| Oct. | Electrical Products | Electrical Workers | None |
| Jan. 1961 | Trucking | Teamsters | 7¢ Jan. |
| March, Oct. 1960; Feb., 1961 | Glass | Glass and Ceramic Workers | 8¢ Feb. |
| March, 1961 | Petroleum, Chemical, and Atomic | Same | None |
| June, 1961 | Rubber | United Rubber Workers | None |
| Aug., 1961 | Machinery | Electrical Workers | 6¢ Minimum |
| Aug., 1961 | Meatpacking | Packinghouse and Meat Cutters | 6½¢ |
| Aug. 1961 | Farm Equipment | Auto Workers | 6¢ Minimum |
| Oct., 1961 | Autos | United Auto Workers | 6¢ Minimum |

New Order Information System Now Speeds Reports to Purchasing Men

Buyers Dealing with Kaiser Steel Corp. Can Use Automatic Notification System to Trace Orders

Fontana, Calif.—A newly installed data processing system at Kaiser Steel Corp. may be just the tranquilizer anxious steel buyers need these days.

The new system provides purchasing agents with accurate, up-to-date information on the status of their orders. It automatically notifies Kaiser customers:

- That the order has been received by the steel firm's plant here.

- Of the month in which the steel can be expected.

- Of the cycle (each month is divided into 10 day shipping cycles) of the month in which the order will be shipped.

- Of re-promise orders (only "sometimes", Kaiser emphasizes). This tells the customer his order has been delayed and that a new shipping date has been set.

Actually, Kaiser's effort to keep P.A.'s informed about orders is nothing new. Trouble was, Kaiser officials say, a battery of typists just couldn't keep up with the work.

Now IBM machines have taken over the job. In addition to automatic printing of customer notices, they also pound out mill order papers, invoices, and shipping notices—all from the original punched card sales order.

Here's how the system works: When a district sales office receives an order, necessary information is punched out on an IBM card. This is sent through Kaiser's Metallurgical Specifications Dept., then on to Plant Production Planning, where a shipping date is set.

All new data are marked on the card with special electro-sensitive lead pencils. The card is then fed through a 519 IBM Mark Sense Reader, which transfers the information onto a customer promise notice and the invoice.

If the order is delayed, the card is re-marked and fed once more through the Mark Sense Reader,

which issues a re-promise order.

The new set-up is already paying dividends, Kaiser officials feel, not only in man hours saved, but in customer good will.

Buyer information notices have been speeded up as much as six days, and, the steel executives point out, "a well-informed customer is a happy customer."

Jacksonville, Fla. — Major water carriers are preparing to "tie up along the Potomac" in an effort to take their fight against the rails to Congress.

The stiff on-to-Washington strategy was mapped at a recent meeting of American Waterway Operators, Inc. The shipping executives resolved to ask the next session of Congress for these changes in ICC regulations:

- That it be made illegal for rails to cut rates in one place to meet water competition while keeping higher rates elsewhere.

- That it be declared illegal to discriminate between customers if the effect is to reduce competition.

- That railroads be forbidden to make a joint rate with a connecting railroad if they have not accorded equal treatment to a water carrier.

- That the burden of proof is no longer on the water carrier when he opposes joint rates.

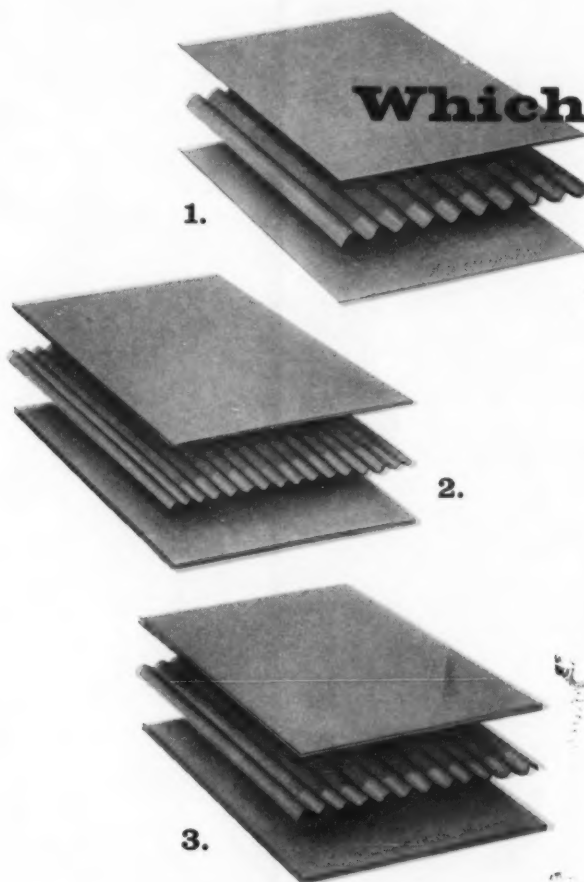
Leading executives of the nation's shallow-draft water carrier industry voted unanimously to support these recom-

mendations. In a statement prepared for the Senate Select Committee on National Water Resources, E. J. Buck, vice president of Coyle Lines, Inc., New Orleans, made this charge on behalf of the Inland Waterways Common Carriers Assn.:

"Powerful forces, largely spearheaded by railroads and their allies, seek to set up cut-throat rates along the waterways so that river traffic in the future, in spite of all you can say, do, and plan, will be destroyed just as it was in the 1920's."

What you should know about

Which combination for



Think of the "sandwich" of corrugated as the built-up layers of board that fold to form your shipping container.

In double-faced board, its most widely used form today, this "sandwich" consists of one sheet of corrugated medium glued between an outer and an inner liner. But there are many combinations depending on the degree of protection required. Different types of flutes ("A", "B" and "C"). Different weights or thicknesses of liners.

Which combination to pick depends primarily on your product. For example, how large is it? How heavy . . . durable? How is it normally shipped?

Union Box structural engineers will be glad to make such a product analysis for you and help plan your shipping container for greatest efficiency and economy.

Combining the board

The combination determined, rolls of corrugating medium and linerboard are placed on the corrugator. Here, steel "teeth" form the flutes, arching each one uniformly. The inner and outer facings are then applied.

1. "A"-flute board
2. "B"-flute board
3. "C"-flute board

Where Can I Buy?

Some products are easy to locate, others are difficult. Perhaps you can help one of our readers who knows exactly what he wants but doesn't know where to get it. And keep in mind that you can make use of this PURCHASING WEEK service at any time.

While you are answering our reader's request, would you send us a carbon copy of your answer.

"We would like to locate a source of supply for stock length of splined shafting and splined tubing. At present, we are looking for splined tubing that would be suitable for the manufacture of splined couplings for a shaft having 14 splines measuring 1 1/4 in. outside diameter x 1 1/8 in. root diameter."

L. A. Wood
Purchasing Agent
Canadian Sugar Factories Ltd.
Raymond, Alberta

Unions May Hold Key to '60 Freight Rates

Big Wage Hikes for Steel, Rail Workers Could Spark Industry Trend to Selective Rate Boosts

Washington—Railroads could spark a trend to higher freight rates in 1960 if current labor negotiations result in a much enlarged cost package.

General rate increases, however, do not appear to be in the cards. But if the rails are forced into selective increases to meet wage demands and possibly higher steel costs, waterways and truckers will be quick to follow.

At the same time, with greater pressure on, railroad men can be expected to continue their aggressive bid to take business from trucks and water carriers through rate cuts on specific commodities and volume shipments wherever possible. In fact further rail rate reductions to counter St. Lawrence Seaway competition are already in the works.

Specifically, here are the key

points to watch in transportation:

Piggyback service truckers will press hard to get an Interstate Commerce Commission ruling to curtail the rapid swing to piggyback by shippers. Over half of the 110 largest railroads now offer piggyback service in some form. All told, there are now five different plans available to shippers. Some 300,000 freight car loadings in piggyback service were made in 1959—more than a 50% increase over the previous year.

Trucker opposition is centered

on piggyback Plans III & IV. Under these plans, the shipper or freight forwarder furnishes the truck trailer and in some cases even the flatcar. Railroads tow the loaded trailers around the country for a flat fee.

Truckers claim the service allows the freight forwarders, in effect, to enter trucking operations and compete unfairly with them. As such, they want the service altered.

The Interstate Commerce Commission isn't likely to make a blanket ruling. It probably will rule on each particular case. The result will be continued haggling over the issue with a good chance the matter

will be taken to the courts. Meanwhile, freight forwarders seem sure to expand their service in this field.

Contract or agreed charges will be pushed by the railroads. This has long been a favorite goal of the rails. They see it as one of the best ways to regain traffic lost to truckers and waterway operators. This year, the ICC allowed the rails to install limited use of the rates. Rails will try hard to expand the rates now that they have won a toe hold.

Integrated transportation service will be talked, but any major development is unlikely. Railroads are the primary force behind this move. They want to extend service to shippers through a combination of transportation modes—trucks, rail, air and water. This is done on a limited scale now, and the trend is in this direction. Small gains will likely be made, no major swings in this direction, however, are forecast.

Truckers will continue to push mergers. The trend is beginning to catch on with definite cost savings found in lumping companies together. Rising operating costs for truckers is one reason for the consolidation moves. This is pressing truckers in many areas to compete with rails without resorting to sizable freight rate increases. This year's hike in federal gasoline taxes by one cent per gallon with larger increases levied by many states is a contributing factor. Further tax increases on gasoline now being talked by the White House would add to the truckers' operating costs.

Efforts to beat down costs through modernization programs are being pushed by the trucking industry. Such things as two-way radio service, improved terminal facilities, etc. are examples of this modernization.

No major transportation legislation is likely in 1960. Because of the election year, Congress is expected to go home early. Thus transportation studies underway now may not be completed in time for legislative action.

The cabinet level transportation study will favor railroads. That is the unofficial word on the over-all look being taken on transportation by the secretary of Commerce for the White House. Information filtering out on the report, due to go to the White House soon, indicates the report doesn't differ widely in recommendations made back in 1955 by the major transportation study conducted by the Secretary of Commerce Sinclair Weeks. At that time, Congress refused to adopt the sweeping changes recommended after long and involved hearings.

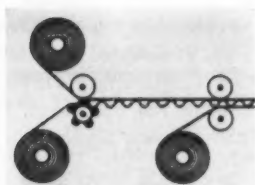
In addition, the Senate Interstate Commerce Committee is making its own study of the transportation industry. But this study won't be completed for several months. Congress probably won't make legislative changes until the study is completed.

Air freight service will continue to grow, but on a modest scale. Two key elements the industry is plugging for are not likely to be settled in 1960. The prime goal is government subsidy for the air cargo industry. The other is to reduce government competition with its military air transport service.

Ocean shipping rates will be the subject of congressional hearings. But, Congress isn't going to make major changes this coming session.

combined board for Union Boxes

your corrugated box "sandwich"?



Board components

KEMKOR is a product of hardwood whose short, tough fibers combine remarkable rigidity with good load-bearing properties.

Making it stick

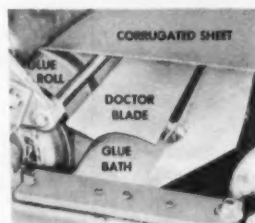
Adhering the inner and outer facings to the flutes are critical sheetmaking operations. Pressures, for example, must be sufficiently heavy to insure a durable permanent bond. Not so heavy as to crush and weaken the structure.

Then there's the quantity of adhesive used. Not enough results in a defective, prone-to-peel-apart sheet. Too much causes a "washboard" appearance and means that in order to achieve good printing some crushing of the flutes will occur. This crushing, while not always apparent to the eye, does reduce the overall strength of the box.

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Even the amount of heat applied to the board can spell the difference between a strong "sandwich" and an unstable one. Adjusting heat to the gel-characteristics of the adhesive requires a fine balance. Too much heat prevents the glue from penetrating the board's fibers and causes a crystalline layer that breaks easily under stress. Insufficient heat allows the glue to "bite" but doesn't cook it enough to cause gellation and incomplete adhesion results. That's why it's essential that heat be accurately set for glue characteristics and machine speed as well as for the weight of board being run.

These controlled processes are typical of the detail that goes into every operation of Union Box manufacture. They save time and expense during handling, filling and loading. They provide the surest kind of protective insurance for your product and your overall shipping investment.



Glued for good



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Roundtable Cast

GARDINER MEANS Economist, of Vienna, Virginia

WALTER FACKLER* Economist for the Nixon Cabinet Committee on Price Stability for Economic Growth, Washington.

ARYNESS JOY WICKENS Economic Advisor to the Secretary of Labor, Washington

ARTHUR MOORE Washington Correspondent, McGraw-Hill News Bureau, Washington

EVERETT KASSALOW Director of Research, Industrial Union Department, AFL-CIO, Washington

WILSON SCHMIDT Associate Professor of Economics, George Washington University, Washington

MODERATOR

ROBERT REICHARD Economics Editor, *Purchasing Week*, New York

*At the time of this roundtable, Mr. Fackler was with the U. S. Chamber of Commerce. His comments do not necessarily reflect the views of either organization.

Administered Pricing

These six price exp

1. What are administered prices?
2. How do we recognize them?
3. How do they come about?
4. Are they
5. Can they
6. Have the

(Continued from page 1)

• **Competition**—Several of the panelists saw no conflict between competition and administered prices. Others thought that administered prices watered down the effect of competitive market forces.

• **Economic theory**—Proponents of the administered pricing pointed out that economic theory must be rewritten to take these new administrative forces into account. Antagonists pointed out that the current free enterprise theory of capitalism was perfectly capable of explaining the phenomenon of administered prices.

Gardiner Means, the well known economist who formulated the concept way back in the early 1930's, contended that a thorough revision of economic theory was needed. He pointed to the fact that "we have no economic model of how the economy could be expected to operate if a larger proportion of prices were administered and tended to be inflexible."

He also felt that in many industries, "All the administered price theory that I have ever seen indicates that the price would tend to be above a competitive price."

He was supported by Everett Kassalow of the AFL-CIO, who noted, "When you have the power in a large administered-price company to set your prices to a rather significant degree—and when at the same time you feel you face the prospect of steady economic expansion—then the result virtually has to be unrealistically high prices."

Several of the other panelists thought this inflationary argument was somewhat exaggerated. Aryness Joy Wickens, economic advisor to the Secretary of Labor, said that large sellers often temper prices in line with public policy.

Referring to the early post-war auto sales, she noted that "prices set by auto manufacturers were, of course, very much lower than the market would have paid. The people would have paid just anything for those cars."

Walter Fackler, now economist for the Nixon Committee, added, "It's important to point out that administered prices do not necessarily mean that there is no price competition. It's a neutral term. It reflects the formal mechanism by which prices are quoted, adjusted, and re-adjusted."

Arthur Moore of McGraw-Hill's Washington Bureau added that supply and demand cannot be ignored. It's inconceivable to him, that any "price administrator—no matter how concentrated his industry may be—can, over an indefinite period, price his article out of the market."

Means agreed that competitive conditions might modify the affect of administered prices, but he said that still left a sufficiently wide area of price decision "so that economists disregard it at their peril." He went on to explain how administered prices force inflation:

"As I see it, business or labor takes action that causes an initial rise in prices. In the absence of action by the government, this will create unemployment. In the presence of governmental action to maintain employment, it will re-establish the conditions over which prices were initially raised. Therefore, the process can go on indefinitely."

Wilson Schmidt an economics professor at George Washington University, took sharp exception to the implication that administered prices cause such inflation. He noted that "Ultimate responsibility rests with the monetary and fiscal authorities and with no one else."

Here's What Was Said:

Reichard—There's been a lot of confusion on just what administered prices really are. Mr. Means, as the father of the concept, could you give us your definition?

price is that it is fixed for a period and a series of transactions.

Reichard—Would a step-like pattern of price behavior then be one of your criteria?

Means—It describes a particular situation: one in which a price is set for a period of time and a series of transactions. That does not mean, of course, that a price cannot be changed. It will be changed from time to time. But the peculiar characteristic of the administered

Means—I think that is the essential criterion.

Wickens—I assume you do not intend to say—that because prices of certain kinds of commodities do not change for a

g: A Hot Subject Grows Hotter

erts (photos) answer these questions:

nsensitive to demand?

pring on recessions?

meant higher prices?

7. What can you do about them?

8. How do they affect pricing theory?

9. Who's Responsible—labor or business?

period of time—that this is necessarily a bad thing.

Means—That's right. The term "administered price" should be regarded as a "neutral" term—and administered prices have many advantages as far as doing business is concerned. I think we all can agree that most of the non-farm business transactions in this country are at "administered prices".

Wickens—I think it would be worthwhile to describe a little the kind of study you initially did. The original one gives a notion of the "frequency of change" as important in this concept.

Means—We have the traditional economic theory that is built around a price determined by supply and demand. The price is flexible. But during the great depression of the early '30's, a great many industrial prices did not decline in line with market conditions—certainly nothing like the drop, say, in farm prices. So I began a study. I obtained all the records of the B.L.S. Wholesale Price Index.

I simply counted the frequency of price change for each item, classified the different prices according to frequency, and found very clear patterns of behavior. If a price changed frequently, it was highly likely to have dropped a great deal during the depression. If it changed infrequently (like many industrial products), it was likely to drop little.

This clearly indicated to me that with many inflexible industrial items, we were dealing with the kind of price behavior that is not implicit in the classical economics.

Fackler—Has your concept, in your own thinking, changed very much from 1935? Sometimes you seem to place great stress on the frequency of price change, in other cases on the degree of industrial concentration.

Means—The power to administer prices only comes when you have narrowed down the number of competing units in a given market or have differentiated the product so that the product is significantly different or has a geographical location.

Wickens—Coming back to the point of your original inquiry, which was to analyze price behavior in a very severe depression: Wasn't your thesis then that if prices had been more flexible on the downside, demand would have been greater in terms of units—and production would not have fallen so sharply?

Means—If we are going to rely on purely automatic forces to maintain high employment, then we have got to approximate more closely the assumption of traditional classical theory—that prices in fact were made by the interaction of supply and demand. The alternative is not to rely on price flexibility as the way of maintaining full employment, but to find some other technique.

Schmidt—What are the classical conditions for price changes you alluded to before? Are the prices supposed to move instantaneously? Are you holding that out as a model?

Means—I mean that we have the classical model, which assumes that prices are flexible. Those who believed in the classical model recognized that there were lags and frictions but held that they were not sufficiently serious to produce results significantly different from those of the classical model.

Schmidt—But, you cannot compare current behavior to classical or classroom blackboard competition—because the latter never existed.

Means—"Pure and perfect competition" is, of course, an economist's fiction. But you can have what I call classical competition under which no individual producer has a choice in setting his price and which results in perfectly flexible prices. Such prices cannot be administered.

Fackler—Talking about prices—I think at this time it's important to point out that administered prices do not necessarily mean that there is no price competition. As Dr. Means has implied, administered pricing is a neutral term. It refers to the formal mechanism by which prices are quoted, adjusted, and readjusted.

I agree, of course, prices can be administered poorly or well. How do you identify bad administered prices as opposed to good or competitive administered prices?

Wickens—What do you mean by competitive? We are thinking here, I assume, of prices as being responsive to demand and supply situations—even though a price may be fixed once a year or once every three months. They're competitive if such prices have moved materially over a span of years—being responsive to demand situations.

Means—I should like to return to the distinction between administered prices

and market prices. Most economists admit that the majority of prices are now administered.

The distinction is quite important. We have a clear economic model of how you could expect things to happen in our economy if you had perfectly flexible prices. We have no economic model of how the economy could be expected to operate if a large proportion of prices were administered and tended to be inflexible.

Moore—Yet it seems to me we have more or less established the main point in our conversation: that even in administered price areas we can expect price changes—though maybe not a good many in a given year. That being so, it would then seem that administered prices are obviously reacting to supply and demand.

Means—They are not determined by it, but they are affected by it.

Kassalow—Hasn't the situation changed somewhat from the time of Dr. Means' earlier studies? I wonder now with the reforms of the New Deal period, with the passage of the Employment Act of 1946, with a kind of commitment on the part of government to iron out the cycle to some extent—with all these, haven't we created a different environment for some administered price industries?

It is one thing if you are running a large steel company to say over a period of time we will be cautious about raising your prices and you will be cautious about lowering them. But when you have the power in a large administered-price company to set your prices to a rather significant degree—and when at the same time you feel you face the prospect of steady economic expansion—then the result virtually has to be unrealistically high prices.

Moore—It is inconceivable to me to imagine a price administrator operating very long in an irrational manner. Hasn't Detroit shown us in the last few years the effect when you unskillfully administer prices over a period of years?

Kassalow—The evidence of inflexible automobile prices over a period of years certainly suggests that the usual forces of supply and demand have had little to do with setting automobile prices.

Moore—What I had in mind was that no price administrator, no matter how concentrated his industry may be, can over an indefinite period price his article out of the market.

(Continued on page 22)



MEANS—"Most of the inflation since 1953 has been administrative inflation and not due to excess demand."



WICKENS—"There are times when large sellers may temper the price they can get for reasons of public policy."



KASSALOW—"Inflexible auto prices suggest supply and demand have little to do with the setting of these prices."

Administered Pricing at the Roundtable:

(Continued from page 21)

Means—No. That is right. Except as he goes broke.

Moore—The market has the final say over a period of time.

Means—But with this qualification: Let's say that you are blind and I am guiding you as we walk down the sidewalk. If I can control where you walk within a matter of a foot or so, that is one thing.

But suppose I can control where you walk only within 15 feet but not within two feet? Well, you get run over.

In other words, there is no question in my mind that supply and demand conditions put a limit to the area in which a price administrator can set his price. But I am saying that is a sufficiently wide area so that economists disregard it at their peril.

Fackler—How wide though, Mr. Means?

This seems to me to be crucial because the thing Mr. Kassalow is talking about is oligopolistic pricing. If we are going to apply the term "administered prices" to the whole economy (except the farmers) we really can't talk about the administered price industries. What we really mean is oligopolistic pricing. I think this ambiguity has created great confusion in the public mind.

Means—On the question of terms, oligopolistic prices may or may not be administered prices. Whether an administered price necessarily means oligopoly depends on how you use the latter term. On the larger question—how wide is the pricing discretion—I think one way to clear it up is to indicate how price administration affects the over-all national economy.

In the industries in which entry is difficult, all the administered price theory that I have ever seen indicates that the price would tend to be above a competitive price. I think that is implicit in the work of Chamberlin and Robinson. It is explicit in the work of Triffin.

I would say our problem comes in part from the possibility of prices being too high—even though market forces prevent them from being "super-too" high.

Wickens—Dr. Means, let's take your point that prices will be relatively too high where entry is difficult. There are certain forces, let's call them public opinion, that are brought to bear upon the pricing policy.

I think we have some classic examples in early post-war years. Prices set by auto manufacturers were, of course, very much lower than the market would have paid. The people would have paid just anything for those cars.

You have come back to the point that wherever you have a group of people with some power to determine a price over a period of time that they may be influenced by a variety of motives either to lower the price or to raise the price—and it isn't wholly a profit motive always.

Fackler—I would think you always have to look at the profit over the long

run. People are interested in not only the immediate profits but in the profit potential—what effect will pricing policies have on the demand of the particular firm?

Means—In the book I am writing, one of the important points I am going to make is that managements of our big corporations are not primarily concerned with maximizing profits, certainly not in the short run. I also think the evidence tends to show that they do not attempt to maximize profits in the long run, though I cannot discover that the economists have ever given any concrete meaning to the term "maximizing profits in the long run."

Schmidt—The long run is an indefinite period. Failure to maximize profits in the short run may be necessary to achieve maximum profits over the long pull. There, I think your assertion should be made with great qualifications.

Kassalow—On the point that Dr. Means made on the long term pricing policies of corporations, I was impressed by some material on the automobile industry that the Kefauver committee printed. It restates the pricing policy of General Motors in just the kind of terms you are talking about—with the emphasis on getting a certain return over cost rather than on profit maximization per se.

Fackler—What determines the profit rate over a time?

It seems to me we are confusing the mechanism by which business decisions are made with the underlying economic issues involved. I don't think you can throw out long-run profit maximization without throwing the baby out with the bath water. Businesses, prestige, affluence, power—you could run the gamut of human motivations—but to say these are all-important and that long-run profit maximization is not a major consideration in determining what those profit margins will be over a period of time, I think it is just wrong.

Wickens—I think we ought to come back to the original direction of our discussion—administered prices.

Is it as pervasive as Dr. Means says? He and others that have analyzed it have said we have to live with it. What are we concerned about?

Moore—If this is the condition we are going to live with, the first thing from point of public policy that we ask is this: that the price to be administered be administered with considerable skill.

Schmidt—I am pleased to live with administered prices. If I had to walk in the drug store and buy toothpaste at an auction, I would be wasting a heck of a lot of time. So let's get it straight from the beginning, these are very useful and they save us a lot of time.

Reichard—We seem all to agree that administered prices are necessary. But there are certain points that might lead to inequalities. What are they?

Means—First, there's the connection between administered prices and depressions. I want to reiterate, within limits, that the less flexible prices are, the better. That's because our problem is to expand buying power through monetary and fiscal policy, not through change in price level.

The main drive in maintaining full employment ought to be maintaining aggregate demand at an existing price level or approximately that, rather than to bring about massive changes in prices. So that the inflexibility of prices, the fact that they are inflexible for three months, six months, nine months—a year at a time—ceases to be important for full employment so long as you focus on maintaining aggregate demand.

The second problem that we have to explore is inflation. Here the importance of administered prices I think is this: that if you had perfectly flexible prices, you couldn't have inflation except when there was too much demand.

Now take administered prices. If individual companies had the power to raise their prices 3% from an existing full employment level—and they did so—it would ultimately increase prices to consumers. The prices to consumers would justify increased wage rates, and the initial rise of prices would be absorbed, but you would have a higher price level.

Schmidt—I have the feeling when I read some of your material, Dr. Means, that you are making an error of assuming that a rise in a particular price is always inflationary. But we know perfectly well that when a price of "X" product goes up and consumers spend more on that product, they have less to spend on the other products. Result: The prices of the other products go down, and there need be no general inflation.

Do you see what is bothering me?

Means—Yes, but I think you are wrong. It is only in a flexible-price economy that your statement would hold. Where prices are administered and a rise of some prices draws off buying power, sales for other administered prices fall—resulting in a reduction in production and employment but not necessarily in a reduction in prices.

Reichard—I should like to turn back to the subject of administered pricing and its effect on inflation.

Wickens—I think it is an error to use this term "inflation." Those of us in the economic field ought to apply it to situations in which we have monetary or fiscal policies that lead to a general price rise. I associate it with the war-time and things of that type. I think we could do better if we spoke of a rise in the general level of prices. This can occur for a variety of reasons, it seems to me.

Kassalow—On the subject of inflation—I should like to refer to a new study put out by the Joint Economic Committee. It makes the point that whereas prices may be fairly flexible upward in response to increases in demand, the study finds they are not so flexible in a downward direction.

Thus, the prices of the other industries where demand slackens off will not

MOORE—"It is inconceivable to imagine a price administrator operating very long in an irrational manner."

SCHMIDT—"If I had to buy toothpaste at an auction, I would be wasting a heck of a lot of time."

FACKLER—"It's important to point out that administered prices do not necessarily mean lack of price competition."

What It Is, How It Works

necessarily come down and compensate for the increases in those in which demand has gone up for one reason or another—even without the use of compensatory fiscal and monetary policies.

Means—I think I must answer this question directly because it is rather important and fundamental to recession and prosperity. This rigidity, as far as downward movements are concerned, will set in motion forces that will produce a recession when an important body of administered prices are raised. You will not have enough buying power to maintain full employment.

It could be that part of the recession will be corrected by a fall in flexible prices. But part of it will produce a fall in employment in the administered price areas. That in itself has not the seeds of anything more than a continued unemployment as long as demand is deficient.

If, however, you correct the lack of demand by fiscal and monetary means so as to maintain full employment in the presence of the arbitrarily lifted prices, then you have validated the price increases and reestablished the condition in which business still has the opportunity to lift prices.

Reichard—In other words, you have raised full employment equilibrium to a higher price level.

Means—That's right. I think our inflation since 1953 is specifically due to this administrative inflation.

Reichard—How does a public policy of full employment tie in to the inflationary aspects of administered prices?

Means—A rise of administered prices causes a recession and steps are taken to establish full employment. These appropriate measures to maintain full employment do not initiate the next round of inflation. They re-establish the power to lift prices that businessmen have used up.

Fackler—This assumes, then, if you are talking about administered prices and identifying them with concentrated industries, that the degree of concentration and the degree of market power to raise these prices is continuously increasing. Under what other circumstances would business, as a whole, all at once, wake up and realize they have been underpricing in a major section of the economy?

Means—I don't think it means that power is increasing. If the initial arbitrary power exists to raise prices just 3% and this is done, the power is used up. If then the government, in order to avoid unemployment, uses fiscal and monetary measures to validate these higher prices, it reestablishes the arbitrary power to raise prices 3%.

Reichard—I should like to return to the question of what can we do about any inflation that stems from administered prices. Or do we want to stop it?

Wickens—Let me speak to the latter part of your question very briefly. I think we have spent very little attention as a nation on price policy.

I think it is very much the fault of all

of us, including the economists, that we cannot try to state a thesis to the general effect that the public has an interest in at least a stable price level and—where conditions permit—falling prices for certain products.

Schmidt—Mr. Means has indicated very clearly to me that an administrative inflation must be validated in his mind by an increase in money supply or velocity, and I must then emphasize that the ultimate responsibility for inflation rests with the monetary and fiscal authorities and with no one else.

Kassalow—Except Dr. Means' very own statement said from '55 to '58, without the validating monetary and fiscal support, we nevertheless went through a period which he described as administered price inflation.

Means—As I see it, business or labor takes action that causes an initial rise in prices. In the absence of action by the government, that will create unemployment. In the presence of action by the government to maintain employment, that will re-establish the conditions under which prices were initially raised. Therefore, the process can go on indefinitely.

Schmidt—The point is that inflation could have been avoided if the monetary authorities had been tighter on money supply. Tighter on velocity.

Means—That would only have resulted in a greater depression.

Reichard—During our remaining time could you all summarize? We admit administered prices are here and are needed. How can we make sure that they don't cause recessions? And, being aware that price rises hurt people, how can we guarantee against inflation?

Wickens—There isn't any easy solution to this problem. I have read the literature. I have read the testimony of many congressional committees. Very few solutions have been suggested.

One set of solutions comes to the various forms of control. All of those who saw controls during the war are horrified by the kind of straight-jacket they can present to the economy.

It seems to me one of the first things we have to do is to try to create a climate of public opinion, and I think that will be accomplished by such things as you are doing here today.

But I think as professionals we economists have done very badly with this question. We haven't been clear and we haven't made it possible either for the public at large or for Washington to understand.

Fackler—It seems to me we still haven't defined the problem here today—whether we are talking about the problem of inflation or whether we are talking about administered prices.

"Administered prices" occur all over the economy, and everybody says this is a good thing. We haven't shown in this connection how they generate or continuously create creeping inflation.

I would say more competition in both the labor and product markets would be



Robert S. Reichard, Moderator, Economics Editor, Purchasing Week.

one way of creating more price flexibility. I think monetary and fiscal policies would stand a much better chance of maintaining full employment without putting us on the horns of a dilemma.

Some people say this is impossible: "We have big aggregates of economic power and there is no way to break them up." It seems to me, if we believe in a free society and a competitive society, we should be working to try to maintain an economy that is as competitive and flexible as possible.

Kassalow—In passing, I would like just to say in our concern for inflation, and especially our aging population, one of the things we should do is to have the tools and weapons to handle future incidents like Korea. If we do this, we will have a much lower price level over a period of time. Half of the inflation of the past 12 years could have been avoided if we had effective tools to check the Korean inflation.

Secondly, I think it is agreed that we do have a problem in the sense that administered prices are significant in the economy. They are fairly pervasive. I would agree to the maximum extent possible we would like to see competition restored and continue in the economy.

I think the work of the Kefauver committee and the Joint Economic Committee is very important. The very least I think we want to do is to continue these inquiries into the major industries (such as steel and autos). I have a certain amount of faith that publicity given to the pricing, and (if you will) given to the wage policies, in these industries will have some effect.

Moore—I would like to suggest that it is too early to try the '55-'58 inflation as an administered price inflation. There is a great deal that is going to come in within the next few months—the staff studies from the Joint Economic Committee, for example.

Take the recent ones on steel and machine tools. The steel one indicates some influence of administered prices. But the other one—on machinery—concludes that the rising prices here were not the result of administered prices at all—that it was a classical case of demand.

I think we need more evidence.

I think this is pointed out by these two reports coming out right at the same time with conclusions entirely separate.

Schmidt—I am convinced that it would be very premature to attribute postwar inflation in any part whatsoever to the administration of prices. Certain evi-

dence that is in clearly contradicts that.

I can refer to some technical journal articles that would be far too abstruse for this purpose. The fact is there are very competent people on the other side who have concluded contrarily. I do not believe the conclusion is in.

Reichard—We have been having rising price levels for ten years. How long are we going to talk?

Schmidt—There is the story of a fellow crossing a bridge who heard a man in the water yell, "Help, help, I am drowning. Do something quick." So the fellow on the bridge threw him a stone. Sometimes it does more harm than good to do something quickly.

Reichard—You don't want the fellow to drown either.

Schmidt—I want the diagnosis to be done as carefully as it can be.

Secondly, the evidence that it is in for the very long pull is that the major determinant of the price level is found in the quantity of money. I think if we are going to formulate policies—then that is, at the moment, the most persuasive hypothesis with which to work.

Means—With respect to what we can do about administered prices, it seems to me that first and foremost we should not use fiscal and monetary policy to give us excessive unemployment so as to put pressure on the price administrators to reduce their prices or on labor to reduce wage rates.

I don't think that excessive unemployment is a socially satisfactory solution to the problem that is being raised here. I am fully agreed that if you push unemployment far enough, say 6 or 8 million idle workers, you can bring down the price level; no disagreement there, but it would rise again if you tried to get back to full employment.

I would say we should adopt a fiscal and monetary policy that will give us full employment, and we should in the immediate future accept such gradual price rise as comes. We should put a major effort on educating ourselves, the economists, business, labor and the public as to the implications of administered prices.

Notice that an administrative inflation, which is certainly theoretically possible, is not theoretically possible in the classical economics. Until we have created a model which is built with administered prices, I do not think we can really begin to solve the problem, and I think that is a job that will take a number of years.

Reichard—What do we do in the meantime?

Means—In the meantime I advocate as a temporary measure public hearings with respect to some of the key prices in our economy. I think that two things would be accomplished by such public hearings:

One, we would tend to get a clearer picture of the facts, and if I am wrong about this recent inflation having been administrative, that should become apparent.

The second thing is that the very fact of public recognition that this is a problem, and the possibilities of public hearings, would probably slow up the process. I think those two things can keep the process slower than it has been.



1. PREPARATION for liaison begins with the staff getting a background lesson on purchasing contracts from procurement boss.



2. PERFORMANCE on the job. Here a special liaison engineer, (left) and project engineer study new product specifications.

Organizing for Better Purchasing-

The Growing Technical Difficulties in Procurement for the Space Age Have Convinced Space Technology Laboratories That a New Approach is Necessary

Purchasing is almost daily becoming a greater technical challenge—both in techniques of the function, and in the technical complexity of the things bought.

Top managements know it.

One answer to the problem is increased hiring of engineers for purchasing department assignments. But this is not a practical solution. There are just not enough engineers to go around—even for strictly engineering billets.

Also, engineering ability is no assurance that a man will make a good purchasing agent. The business and personal aspects of purchasing often require as special an ability and skill as that required to handle technical problems.

What is the solution?

One practical solution—in an increasing number of companies—is the technical liaison man employed in the purchasing department to serve as link between engineering department, technical supply sources, and company buyers.

Here is how one company, Space Technology Labs, Inc., makes this plan work. Its solution may be the one for which you are searching—or will be searching.

El Segundo, Calif.—Pressure to speed procurement time in the missile industry has led Space Technology Labs, Inc. here, to establish a five-man liaison team between purchasing and engineering.

The team, responsible to the manager of procurement, has been effectively serving both engineering and purchasing, without usurping the function of either department.

Need in Research Field

Need for such a staff of Procurement Liaison Engineers (PLE) is particularly pronounced at the laboratories which are involved exclusively in research and development that often demands procurement of highly advanced, complex materials. As systems engineers and technical directors of such Air Force ballistic missile programs as the Thor, Atlas, Titan and Minuteman, Space Technology Labs frequently has need for components that have never been produced before. In addition, the company has frequently found itself in a position pushing ahead technology on such advanced programs as the Explorer VI, The Paddlewheel Satellite, and Project Score, which last year broadcast President Eisenhower's Christmas message from an orbiting satellite.

Neither Group Worked

Under such circumstances, even buyers with extensive technical background might have a difficult time interpreting just what the engineers need. Often the engineers themselves cannot define their needs.

Before the PLE group was established about three years ago, there were two major conditions that stood in the way of effective procurement: 1. Engineers were often going directly to vendors to make their own arrangements; 2. Procurement requisitions that did come across buyers' desks frequently appeared unreasonable in their specifications, costs, or time requirements.

It was the job of PLE to function as a catalyst in bringing about

an understanding between engineering and purchasing. The idea has worked.

Because the liaison engineer has the time and responsibility to seek out the "right" product, he has helped cut costs and waste. For example, engineers suggested that they needed a \$3,300 pump with which they were familiar. Analysis by the PLE indicated that specifications

one PLE is assigned to each of the Aeromechanics, Electromechanical, Telecommunication, and Vehicle & Development Laboratories. The guidance research and propulsion laboratories share a liaison man.

By working closely with engineers in a given area, the PLE can, at a very early stage, alert buyers on any procurement problems that will affect them.

Both Areas Receptive

Engineers have been receptive to the idea of having a technically-trained go-between to communicate their needs to purchasing. Two of the five have engineering degrees. Kruer and his PLE staff consisting of Joe Davis, Lowell Carpenter, Coleman Shaunty and Wilbur Easton average 19 years experience in industry and procurement.

Buyers have also found the PLE concept to their liking. The liaison men in no way usurp the function of the buyers, but rather their work stops at the point where a procurement requisition is issued. Getting out the purchase orders and doing the actual buying is left to the experts who specialize in various commodity areas.

Buying STL is divided into two broad categories—technical

How Liaison Engineers Work—And Don't Work

PLE men do—

1. Report to manager of procurement.
2. Make facilities surveys.
3. Brief vendors on general technical activities of the company.
4. Screen new products.
5. Maintain vendor catalog library.
6. Publish new product bulletins for use by P.A.'s.

PLE men do not—

1. Do the buying.
2. Issue the purchase order.
3. Negotiate with vendors.
4. Follow up. Their job ends with the writing of the requisition.

did not have to be as exact for the proposed end use. By convincing the engineers to relax their specifications, buyers were able to provide them with a satisfactory \$1,900 pump.

One PLE to a Lab

Like the purchasing agents at Space Technology Labs, the liaison team, headed by mechanical specialist, Leo Kruer, reports directly to John Peterson, manager of procurement. In practice, each PLE is assigned to a particular research and development laboratory. He attends staff meetings at all levels in order to familiarize himself with the projects in progress and the coming procurement needs of the engineers. Plans are to enlarge the liaison staff, but at the moment

procurement and general procurement. Each of these groups is headed by a purchasing agent, and under each are four buying teams. Technical procurement is responsible for fabricating and processing, electromechanical, electronic instrumentation, and electronic components. The four general procurement buying teams are Graphic Arts, Emergency Purchasing, Non-Electronic Capital Equipment, and Maintenance, Repair and Operating Supplies.

To develop procurement information for these commodity-oriented buying groups the engineer spends a good deal of his time in meetings. Not only does he attend all meetings in his assigned laboratory, but he also meets every other day with the other procurement liaison engi-



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Engineering Cooperation

neers to discuss mutual problems and progress.

In facilities surveys the engineer meets with vendors to determine which companies might have the capability of producing a certain component. And it is the PLE man who provides prospective vendors with information about the technical activities of the company. These meetings are of a broad rather than specific nature and are designed to minimize unnecessary meetings between the vendors and the company's technical and procurement personnel.

PLE Becomes First Stop

First stop for salesmen with new products to show is the PLE. This also saves time for the supplier since the PLE's work takes him across all buying groups. Should a new product be of particular significance the PLE might arrange a display and briefing session to be attended by buyers and engineers.

Other services provided by the PLE is the maintenance of a vendor product catalog library. Requests for new literature are mailed out at the rate of 150 a week so that none of the 5,000 catalogs is ever more than 6-months old.

In addition PLE Joe Davis edits a new product bulletin, which is circulated monthly to purchasing and to top level design engineers.

All this pre-procurement activity is aimed at relieving buyers of chores that they frequently don't have the inclination to embark upon.

Has Time for Study

Because the PLE has the time and responsibility to seek out "the right product at the right time and the right price" he has helped effect some important savings. For example, in one of the testing laboratories where maximum cooling was needed engineers required a tank capable of operating at pressures up to 250 psi. They had in mind a rooftop tank which would have required extremely sturdy construction. A search by the PLE showed that a lighter tank, if placed underground, would do the job equally well. The result was a saving of 75 %.

Supplier Searching

Perhaps the most time-consuming and precarious task of the PLE is the searching out of suppliers to manufacture items that have never been made before. In seeking a certain module of solar cells to power the paddlewheel satellite in orbit they were able to discover only three companies in the country with the necessary equipment and knowhow. All three of these companies are currently at work developing these solar cells. Four other companies were discovered which had the apparent capability of producing an airborne pressure regulator that can work satisfactorily in a vacuum.

This vendor analysis by the PLE's has already led to several notable advances. Among the products that have already resulted in procurement are a unique telemetry analog-to-digital conversion unit called the "telebit" that will be used in future space programs; a special

tween procurement and the laboratories.

One reason the plan has worked so well is that the individual PLE men don't feel it necessary to insert themselves in all procurement activities.

In practice the PLE man is involved in only 20% of the company's total purchases. And only about half of the pre-procurement activity performed by the PLE ever develops into procurement actions.



3. PAYOFF comes in production of a better, less costly product.



G.O. CARLSON *Inc*

Mill Inventory of Stainless Steel Plates

Unsheared HRAP Plates

January, 1960

| GAUGE | WIDTH | LENGTH | GAUGE | WIDTH | LENGTH | GAUGE | WIDTH | LENGTH | GAUGE | WIDTH | LENGTH |
|---------------------------------------|--------|---------|----------------------|--------|---------|----------------------|--------|---------|--------------------------------------|--------|---------|
| TYPE 17-4 PH* | | | TYPE 304-L—CONTINUED | | | TYPE 316-L—CONTINUED | | | TYPE 405—CONTINUED | | |
| 3/16 | 53 | 113 | 11/16 | 96 | 264 | 11/16 | 96 | 138 | 7/16 | 60/94 | 245/255 |
| 1/4 | 74 | 80 | 23/32 | 96 | 126 | 3/4 | 84 | 251 | 1/2 | 61/96 | 110/174 |
| 7/16 | 40/50 | 50/60 | 60 | 60 | 172 | 13/16 | 96 | 310 | 9/16 | 97 | 140 |
| 25 | 25 | 73 | 13/16 | 94 | 272 | 7/8 | 98 | 298 | 5/8 | 96 | 304 |
| 1-3/8 | 25 | 85 | 27/32 | 67 | 248 | 15/16 | 96 | 275 | 3/4 | 83 | 15/67 |
| 1-1/2 | 12 | 56 | 7/8 | 96 | 278 | 1 | 96 | 248 | 7/8 | 96 | 254 |
| TYPE 17-7 PH* | | | 15/16 | 73 | 270 | 1-1/8 | 88/98 | 250/280 | 15/16 | 69 | 135 |
| 3/16 | 65/98 | 108/210 | 31/32 | 62/92 | 168/191 | 1-1/4 | 98 | 360 | 1 | 99 | 145 |
| 1/4 | 63/84 | 145/240 | 1-1/8 | 96/98 | 165/198 | 1-1/2 | 93 | 276 | 1-1/8 | 97 | 148 |
| 5/16 | 68 | 74 | 1-1/4 | 96 | 240 | 1-3/4 | 83 | 96 | 1-1/4 | 96 | 208 |
| 7/16 | 55 | 64 | 1-1/2 | 96 | 240 | 2-1/4 | 63 | 170 | 1-3/8 | 38 | 223 |
| 1/2 | 60/96 | 100/120 | 2 | 80 | 205 | TYPE 317 | | | 1-1/2 | 84 | 145 |
| 19/32 | 48 | 120 | TYPE 309 | | | 3/16 | 52 | 190 | TYPE 410 | | |
| 31/32 | 24 | 135 | 3/16 | 48 | 120 | 1/4 | 33/61 | 72/120 | 3/16 | 72/91 | 190/295 |
| *Trademark of Armco Steel Corporation | | | 3/16 | 73/91 | 105/320 | 5/16 | 63/83 | 105/170 | 1/4 | 73/100 | 275/290 |
| TYPE 302 | | | 1/4 | 41/60 | 112/120 | 3/8 | 96 | 135 | 5/16 | 95/96 | 173/365 |
| 3/16 | 84 | 195 | 1/4 | 96 | 205/220 | 1/2 | 67 | 70 | 11/32 | 97 | 160 |
| 1/4 | 96 | 170 | 3/8 | 96 | 240 | 1-5/8 | 37 | 66 | 3/8 | 94/98 | 130/278 |
| 5/16 | 96 | 280 | 1/2 | 77/96 | 155/280 | TYPE 317-L | | | 7/16 | 74/96 | 139/210 |
| 3/8 | 84/96 | 260/350 | 5/8 | 192 | 272 | 3/16 | 83/93 | 150/324 | 3/8 | 73/98 | 200/275 |
| 1/2 | 96/97 | 280/310 | 11/16 | 57 | 82 | 1/4 | 68/74 | 235/323 | 19/32 | 92 | 350 |
| 5/8 | 96 | 290 | 3/4 | 28/49 | 96 | 5/16 | 42 | 130/309 | 5/8 | 96 | 180 |
| 3/4 | 60 | 96 | 1-5/8 | 68 | 72 | 3/8 | 88/100 | 101/109 | 21/32 | 96 | 375 |
| 1-1/4 | 62 | 330 | TYPE 310 | | | 13/32 | 100 | 200 | 3/4 | 96 | 199 |
| 1-1/2 | 36 | 150 | 3/16 | 48 | 120 | 7/16 | 47 | 100 | 13/16 | 104 | 120 |
| TYPE 304 | | | 3/16 | 72 | 104 | 1-1/4 | 32 | 136 | 7/8 | 96 | 149 |
| 3/16 | 80/104 | 160/300 | 5/16 | 72/95 | 285/240 | 3/16 | 84/91 | 300/340 | 1 | 33 | 196 |
| 1/4 | 72/103 | 270/300 | 3/8 | 63/82 | 185/240 | 3/16 | 84/91 | 300/340 | 1-1/4 | 98 | 189 |
| 9/32 | 80/100 | 195/240 | 1/2 | 96 | 125 | 5/16 | 73/94 | 200/320 | 1-5/16 | 55 | 170 |
| 5/16 | 84/106 | 240/340 | 2-1/4 | 25 | 48 | 1/4 | 96 | 288 | 1-1/2 | 68 | 176 |
| 11/32 | 60 | 310 | TYPE 316 | | | 3/8 | 96 | 230 | 1-3/4 | 60 | 62 |
| 3/8 | 96/110 | 240/300 | 3/16 | 54 | 192 | 1/2 | 96 | 144 | TYPE 430 | | |
| 7/16 | 92 | 200 | 3/16 | 66 | 198 | 9/16 | 80 | 159 | 3/16 | 86/90 | 190/290 |
| 1/2 | 84/96 | 155/300 | 3/16 | 72 | 192 | 5/8 | 96 | 235 | 7/32 | 72/96 | 115/299 |
| 9/16 | 92/96 | 240/330 | 3/16 | 82/96 | 170/280 | 3/4 | 96 | 240 | 1/4 | 86/97 | 200/300 |
| 5/8 | 96/100 | 240/340 | 7/32 | 66/93 | 110/300 | 7/8 | 60/96 | 120/126 | 9/32 | 62 | 240 |
| 11/16 | 84/96 | 105/140 | 1/4 | 64/105 | 160/320 | 1 | 96 | 235 | 5/16 | 96/99 | 240/310 |
| 3/4 | 65/96 | 230/305 | 5/16 | 96 | 240/300 | 1-1/8 | 70 | 126 | 3/8 | 96/97 | 175/300 |
| 13/16 | 98 | 282 | 11/32 | 86/97 | 120/240 | 1-1/4 | 96 | 220 | 7/16 | 75/98 | 290/305 |
| 27/32 | 96 | 145 | 3/8 | 86/111 | 225/300 | 1-1/2 | 96 | 180 | 9/16 | 96 | 210 |
| 7/8 | 96/98 | 184/320 | 7/16 | 78/96 | 170/360 | 1-5/8 | 72 | 72 | 7/8 | 87 | 240 |
| 29/32 | 100 | 345 | 1/2 | 96/106 | 230/300 | TYPE 347 | | | 5/8 | 60/93 | 120/130 |
| 15/16 | 96 | 210 | 9/16 | 74/96 | 205/290 | 3/16 | 48 | 123 | 3/4 | 82 | 375 |
| 1 | 96/98 | 230/440 | 5/8 | 96 | 285 | 3/16 | 91 | 135 | 7/8 | 77 | 260 |
| 1-1/8 | 96 | 325 | 11/16 | 96 | 183 | 1/4 | 72/96 | 240/300 | 29/32 | 97 | 204 |
| 1-1/4 | 96 | 302 | 3/4 | 96 | 280 | 9/32 | 94 | 118 | 1-1/8 | 98 | 206 |
| 1-1/2 | 80/96 | 144/320 | 13/16 | 77 | 140 | 5/16 | 96 | 300 | 1-1/4 | 96 | 220 |
| 1-3/4 | 60 | 92 | 7/8 | 96/102 | 236/370 | 11/32 | 72/98 | 177/209 | 1-1/8 | 96 | 180 |
| 1-13/16 | 60 | 74 | 15/16 | 188 | 188 | 3/8 | 96 | 240/330 | 1-1/2 | 96 | 180 |
| 2 | 60/72 | 70/78 | 31/32 | 96 | 276 | 7/16 | 96 | 205 | 2 | 48 | 95 |
| 2-1/32 | 35/52 | 184/200 | 1 | 242 | 242 | 11/32 | 93 | 128 | 2-9/32 | 70 | 119 |
| 2-3/4 | 98 | 110 | 1-1/8 | 98 | 244 | 1/2 | 94 | 240 | TYPE 502-1/2 Mo | | |
| TYPE 304-L | | | 1-1/4 | 65/96 | 240/260 | 5/8 | 96 | 325 | [This grade available in plate only. | | |
| 3/16 | 54 | 192 | 1-1/2 | 67 | 226 | 11/16 | 70/100 | 104/235 | Our base price is 28.25¢. | | |
| 3/16 | 72/96 | 144/290 | 2 | 40 | 60 | 3/4 | 57 | 120 | 3/16 | 88/94 | 235/300 |
| 7/32 | 60/68 | 95/243 | 2-1/2 | 70 | 100 | 7/8 | 63/80 | 160/190 | 1/4 | 79/102 | 225/280 |
| 1/4 | 88/105 | 145/310 | TYPE 316-L | | | 1 | 96/98 | 170/228 | 5/16 | 78/85 | 169/330 |
| 9/32 | 96/147 | 138/284 | 3/16 | 72/90 | 150/170 | 1-1/8 | 52 | 56 | 11/32 | 92 | 300 |
| 5/16 | 96 | 200 | 7/32 | 93/110 | 118/120 | 1-1/4 | 96 | 240 | 7/32 | 72/96 | 250/360 |
| 11/32 | 80/106 | 190 | 1/4 | 72 | 156 | 1-1/2 | 97 | 170 | 7/16 | 96 | 138 |
| 3/8 | 81/108 | 170/330 | 5/16 | 72/108 | 156/300 | 1-3/4 | 55 | 64 | 9/16 | 96 | 179 |
| 13/32 | 94 | 280 | 7/8 | 70/96 | 240/295 | 2-3/4 | 35 | 50 | 9/16 | 94 | 140 |
| 7/16 | 69/106 | 105/273 | 11/32 | 92 | 210 | TYPE 405 | | | 5/8 | 96 | 240 |
| 17/32 | 73/100 | 134/233 | 3/8 | 72/96 | 200/250 | 3/16 | 77/88 | 195/235 | 11/16 | 66 | 76 |
| 1/2 | 96/108 | 210/260 | 7/16 | 76/96 | 122/240 | 7/32 | 77 | 126 | 3/4 | 96 | 295 |
| 9/16 | 91 | 260 | 1/2 | 96 | 200 | 1/4 | 94 | 180 | 7/8 | 36 | 290 |
| 5/8 | 75/96 | 153/320 | 10 | 135 | 135 | 5/16 | 70/96 | 120/275 | 1 | 76 | 96 |
| | | | 9/16 | 96 | 303 | 3/8 | 96 | 354 | 1-1/4 | 80 | 154 |
| | | | 5/8 | 96 | 240 | 13/32 | 86 | 160 | 1-1/2 | 72 | 144 |

Mill Inventory of Stainless Steel Heads

A.S.M.E. FLANGED AND DISHED

(1½" to 2" straight flange—annealed and pickled after forming for maximum corrosion resistance)

| O.D. | GAUGE | 304 | 304-L | 316 | 316-L | 347 | O.D. | GAUGE | 304 | 304-L | 316 | 316-L | 347 | O.D. | GAUGE | 304 | 304-L | 316 | 316-L | 347 |
|--------|-------|-----|-------|-----|-------|-----|------|-------|-----|-------|-----|-------|-----|-----------------------------------|-------|-----|-------|-----|-------|-----|
| 8-5/8" | 3/16" | 8 | 10 | 2 | 10 | | 36" | 3/16" | 7 | 8 | 0 | 2 | | 66" | 1/4" | 6 | 6 | 3 | 3 | |
| 10" | 3/16" | 2 | 18 | 12 | 12 | 3 | 36" | 1/4" | 16 | 4 | 8 | 6 | 2 | 66" | 5/16" | 0 | 2 | 0 | 0 | |
| 12" | 3/16" | 16 | 6 | 8 | 6 | | 36" | 5/16" | 3 | 3 | 2 | 2 | | 72" | 1/4" | 6 | 5 | 6 | 1 | |
| 12" | 1/4" | 2 | 8 | 4 | 12 | | 36" | 3/8" | 5 | 2 | 3 | 2 | | 72" | 5/16" | 6 | 2 | 6 | 2 | |
| 14" | 3/16" | 2 | 4 | 10 | 5 | | 42" | 3/16" | 9 | 0 | 6 | 4 | | 84" | 5/16" | 0 | 0 | 0 | 2 | |
| 16" | 3/16" | 2 | 9 | 10 | 4 | | 42" | 1/4" | 2 | 6 | 8 | 8 | | STANDARD FLANGED AND DISHD | | | | | | |
| 16" | 1/4" | 5 | 7 | 10 | 5 | | 42" | 5/16" | 0 | 0 | 4 | 0 | | | | | | | | |
| 18" | 3/16" | 0 | 1 | 13 | 11 | 1 | 48" | 3/16" | 2 | 7 | 12 | 7 | | 18" | 1/4" | 2 | 4 | 2 | 4 | |
| 18" | 1/4" | 12 | 7 | 11 | 8 | | 48" | 1/4" | 5 | 10 | 9 | 14 | 2 | 24" | 3/16" | 0 | 2 | 3 | 5 | |
| 18" | 3/8" | 3 | 2 | 4 | 2 | | 48" | 5/16" | 6 | 5 | 8 | 4 | | 24" | 1/4" | 5 | 1 | 8 | 2 | |
| 20" | 3/16" | 7 | 11 | 10 | 1 | | 48" | 3/8" | 5 | 6 | 0 | 1 | | 30" | 3/16" | 8 | 4 | 4 | 4 | |
| 24" | 3/16" | 14 | 14 | 8 | | 11 | 48" | 3/16" | 2 | 4 | 2 | 4 | | 30" | 1/4" | 5 | 4 | 2 | 2 | |
| 24" | 1/4" | 19 | 11 | 8 | 8 | 34 | 54" | 1/4" | 6 | 3 | 1 | 5 | | 36" | 3/16" | 12 | 3 | 5 | 2 | |
| 24" | 5/16" | 6 | 2 | 18 | 6 | | 60" | 3/16" | 7 | 4 | 4 | 6 | | 36" | 1/4" | 6 | 3 | 6 | 3 | |
| 24" | 3/8" | 4 | 4 | 2 | 3 | | 60" | 1/4" | 2 | 8 | 9 | 2 | | 42" | 3/16" | 2 | 4 | 5 | 3 | |
| 30" | 3/16" | 22 | 10 | 1 | 0 | | 60" | 5/16" | 1 | 0 | 0 | 1 | | 48" | 3/16" | 2 | 4 | 6 | 4 | |
| 30" | 1/4" | 0 | 7 | 9 | 4 | 3 | 60" | 3/8" | 7 | 3 | 5 | 2 | | 48" | 1/4" | 7 | 4 | 2 | 2 | |
| | | | | | | | | | | | | | | 54" | 3/16" | 2 | 4 | 2 | 4 | |

The stainless plates and heads listed above are typical of our current mill inventory; similar sizes are constantly being produced. Limited quantities of PH 15-7 Mo, 309 S, D 319 and D 319-L are on hand. Other grades—305, 309 SCb and 314—can be produced for specific orders. We will cut to your required sizes within 2 to 3 days, faster when required.

For latest information on exact quantities of stainless steel plates, tank heads and other available plate products, mail this coupon now.

G. O. CARLSON, INC. • 144 Marshallton Road, Thorndale, Pa.

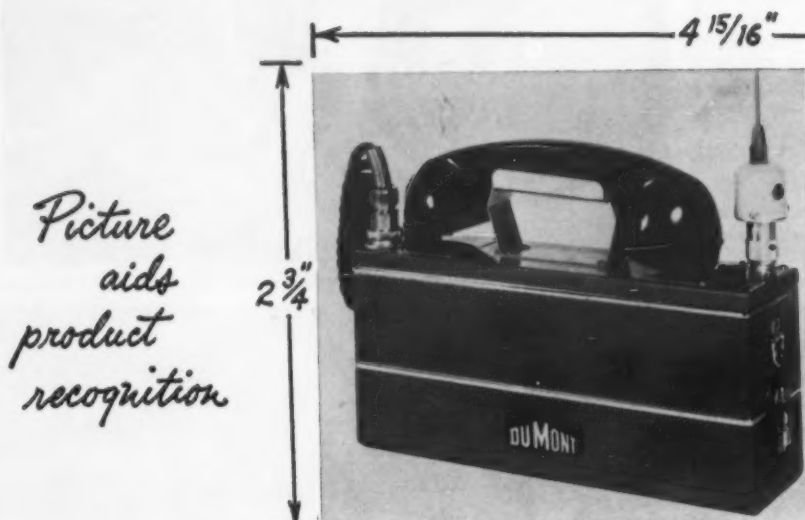
Please send your Weekly Inventory Report to:

Name _____

Company _____

Street Address _____

City _____ State _____



Two-Way FM Radio

8-Lb. Portable

Designed for crews needing instant two-way communication, unit weighs 8 lb. and is less than 12-in. long. It includes handset, 1 or 2 channel FM transmitter, demountable whip antenna, battery pack, and carrying strap.

Price: \$348. Delivery: immediate.

Allen B. Du Mont Laboratories, Inc., 750 Bloomfield Ave., Clifton, N. J. (P.W., 1/4/60)

Picture aids product recognition

*Size permits you to paste on 3x5 card
Copy gives only pertinent details, cuts your reading
How much it costs and how soon you can get it
You'll know when item appeared*



Adding Machine

Has Full Keyboard

Electrically operated machine has twin add bars, total keys, direct subtraction, and repeat key for multiplication. Keyboard is self-correcting; correction key used only to clear entire amount from the keyboard.

Price: \$169.50. Delivery: immediate.

Remington Rand, 315 Park Ave. S., N. Y. 10, N. Y. (P.W. 1/4/60)



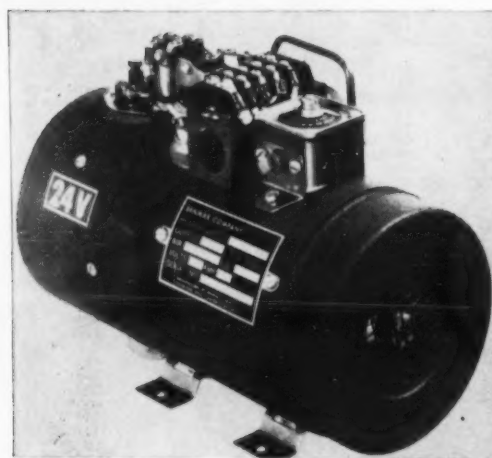
Display Rack

Holds Literature

Rack, 53-in. high x 27 1/2-in. wide, has 18 vertically inclined pockets for letter size lots of printed material. It has a baked enamel finish, and will keep material neat and orderly in reception area, showroom, etc.

Price: \$35. Delivery: immediate.

Simplicity Tool Co., 2850 N. Mississippi Ave., Box 3728, Portland 8, Ore. (P.W., 1/4/60)



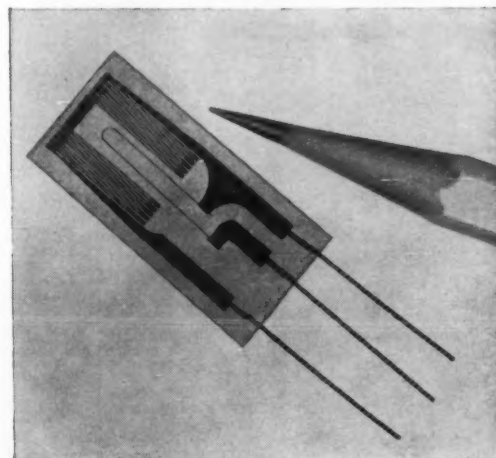
Heater

Uses Any Liquid Fuel

Forced air heater, measuring 5 1/2 x 10 3/8 x 8 3/8 in., operates on common liquid fuels, including diesel and JP-4. It produces 15,000 BTU/Hr. of heat. Equipped for either manual or thermostatic control, it can be installed in any position in vehicle or shelter area.

Price: \$108. Delivery: 1-4 wk.

Benmar Co., 3189 W. 33rd St., Cleveland 9, Ohio. (P.W., 1/4/60)



Strain Gage

Temperature Compensated

Platinum wire element in gage minimizes error caused by temperature change in -350 to +850° F. range when bonded to any one of a broad variety of materials. Two models have gage length of 1/2 in.

Price: \$75 to \$100 (pkg. of 5). Delivery: immediate.

Baldwin-Lima-Hamilton Corp., 42 Fourth Ave., Waltham 54, Mass. (P.W., 1/4/60)



Sampler

Handles Chemical Wastes

Instrument, powered by 3 dry cell batteries, delivers 2 gal. per day continuous sample for 2-3 month period. Polyethylene components adapt sampler for handling of chemical wastes containing high concentration of organic solvents.

Price: \$175. Delivery: 2 wk.

Brailsford & Co., Inc., 670 Milton Rd., Rye, N. Y. (P.W., 1/4/60)



Tackle Block

Takes 2,450 Lb. Load

Designed and tested for safe working loads of up to 2,450 lb. with 1-in. rope, blocks have 17-in. over-all length and carry unconditional guarantee. Steel blocks have 4 3/4 in. dia. cast iron sheaves and graphite bronze bushings.

Price: \$25 (lot of 5). Delivery: Immediate

Al-Ray Corp., 791 Tremont St., Boston, Mass. (P.W., 1/4/60)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.

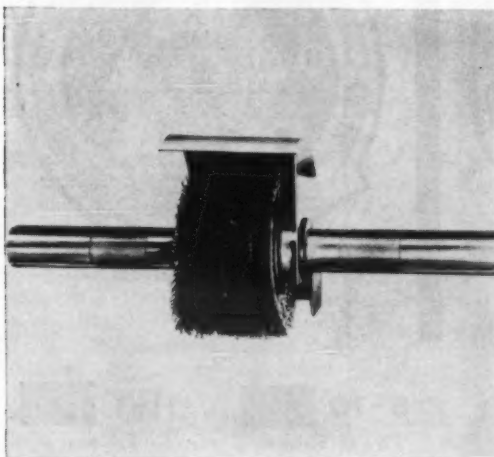


Wall Panel

Easy to Install

Decorative Micarta panel attaches directly to studs or furring by stapling, permitting dry wall installation. Treated to resist fire, fungi, rot, and termites, wall sections are 96-in. high, and designed for tongue and groove jointing on 16-in. centers.

Price: 72¢ to 80¢ per sq. ft. Delivery: immediate-3 wk.
Westinghouse Electric Corp., Hampton, S. C. (P.W., 1/4/60)



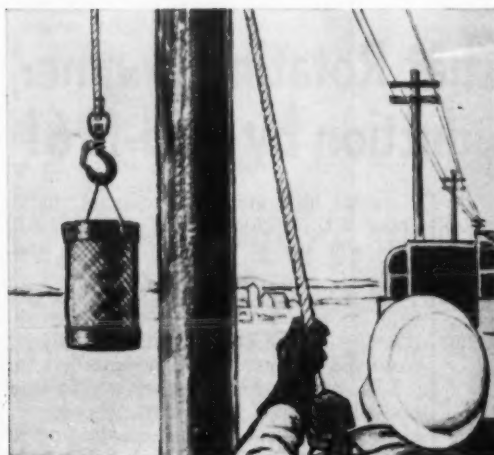
Abrasive Belt Cleaner

Restores Cutting Power

Rotating steel wire brush in portable hand tool takes waste material out of clogged abrasive belts in short time. Wire brush is activated by hand brake on the belt cleaning unit.

Price: \$7.65. Delivery: immediate.

Henley & Co., Inc., 202 E. 44th St., N. Y. 17, N. Y. (P.W., 1/4/60)



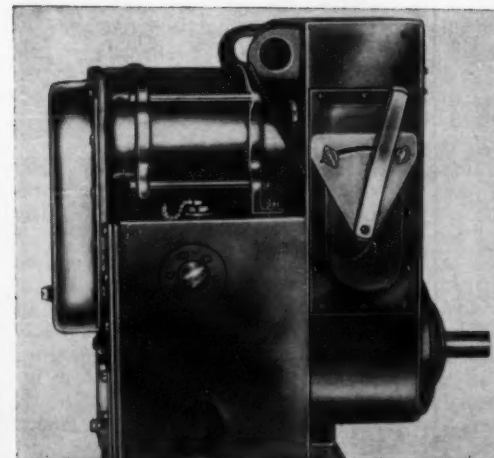
Plastic Rope

Won't Rot

Polypropylene rope, in 1/4 through 1-in. dia., has high electrical resistance, is waterproof, and won't rot. Useful as hand line in communication applications, it is 35% lighter than manila and will flex and knot at sub-zero temperatures.

Price: \$3.48 per 100 ft (1/4-in. dia.). Delivery: immediate.

Industrial Products Co., 2725 N. Fourth St., Phila. 33, Pa. (P.W., 1/4/60)



Hydro-Transmission

Bi-Directional to 350 RPM

Transmission gives forward or reverse speeds from 0 to 350 rpm. The 1 1/2 hp hydraulic unit permits variable speed and instant reversing in machine tools, conveyors, pumps, etc. Self-contained, it has a 6-qt oil reservoir and 1-in. dia. output shaft.

Price: \$147.50. Delivery: immediate.

Roberts Electric Co., 849 W. Grand Ave., Chicago 22, Ill., (P.W., 1/4/60)

This Week's

Product Perspective

JANUARY 4-10

Technology helped make the Fifties "fabulous"—now it is racing to make the Sixties "soar".

Prophets who forecast a technology slowdown during the Sixties, don't stop to take a look at the past. **New products and materials have a pyramiding effect. Every new discovery sets off a chain reaction of other inventions that were waiting for the initial breakthrough.** If we take a look at all the inventions made through history, we find that 90% of the inventors are still alive.

Research and development spending has been moving upward in every corner of the world. Total expenditures in the U.S. have gone from \$2 billion in '47 to an estimated \$12.5 billion last year. And the U.S. isn't alone in the technology battle. World-wide estimates on research & development spending during '59 range about \$20 billion.

• **Materials** will continue to stream from labs in an undiminishing flow. **Plastics and aluminum** are sure to head the list as the "wonder materials" of the early 1960's, but don't count out steel, copper, or zinc.

World output of plastics is expected to double in the next 10 years. Big use in the Fifties was in packaging, but heavy inroads will be made in the construction, automotive, appliance and electrical fitting fields. Plastics is playing a "no-holds-barred" game in competition with other materials—competing with wood, paper, metals, glass, leather, fibers, and rubber.

Aluminum—Sales this year are up about 15% over last. Some experts predict consumption will reach 4,300,000 tons by '65. **GM's Corvair aluminum engine block was a major breakthrough.** Other car makers are planning similar moves. **Big hope of the aluminum industry is to make a real dent in the construction industry,** and recent pre-fab house and curtain-wall uses indicate the goal is near. Other big industries getting into the act include electrical, packaging, railway cars, and trucks.

Iron and Steel—You don't see the iron and steel boys home crying about inroads made by plastics—**They're too busy developing stronger alloys, better processes (like vinyl coating).** The way industry is booming, there is no sign that steel will be a "has-been" metal. And changes in steel-making technology promise a better product at a competitive price.

Other metals are working to expand markets too—note the Copper Research Association just set up. Hydrometals, Inc. expects great things from its new "T-Metal" zinc alloy.

• **Production techniques. Automation in the office, factory, warehouse—**you won't be able to keep away from it. It has only been about 10 years since the word was first coined. This initial period has been used to blueprint places where automation will be used. Now that the general outline is finished, it is time to fill in the blanks—and the computers will be doing most of the writing.

• **Other techniques** now in their infancy should reach maturity during the '60's.

Among these is explosive forming—Many hard, strong materials have already been formed this way. A series of electrochemical processes under development such as electromachining, electrocutting, electro-grinding, and chemical milling suggest that designers will be able to form any metal into any shape.

Numerical machining is just starting to pay its own way. In the future, tapes will put more and more machine tools through their paces. **Also on the horizon is greater use of "building-block" tools**—sectionalized machine tools that can be rearranged to do new jobs.

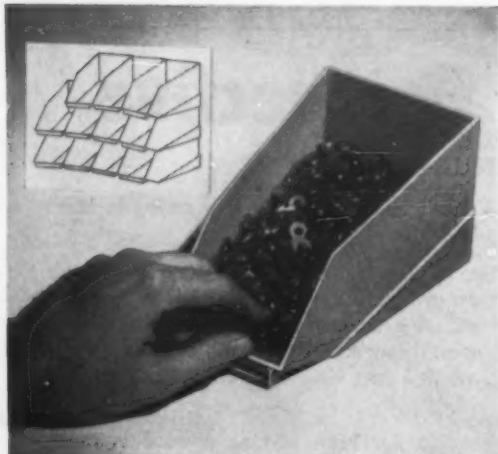
A recent National Industrial Conference Board Report on Radioisotopes found that **industry's investment in isotope measuring and gaging equipment paid a tenfold benefit to all users** during the years studied (1957-58). This leaves little doubt that the technique will grow.

Ultrasonics have burst out of the cleaning business and are now gaining a foothold in measuring devices, protection systems, and non-destructive testing.

• **What about the products of the Sixties, what will they be like?** Products will be smaller, more compact and more reliable. They will be more ingenious and mechanical devices will be lighter and smaller. They will do more things in easier ways.

Your Guide to New Products

(Continued from page 27)



Parts Bin

Stacks Near Job

Tapered front and sloping bottom of 8-in. long, 2½-in. high, molded plastic bin make small parts more accessible. Plastic eliminates magnetic interference with electrical parts. It can be interstacked with steel bins near work station.

Price: 68¢. Delivery: 1 mo.
Stackbin Corp., 1091 Main St., Pawtucket, R. I. (P.W., 1/4/60)



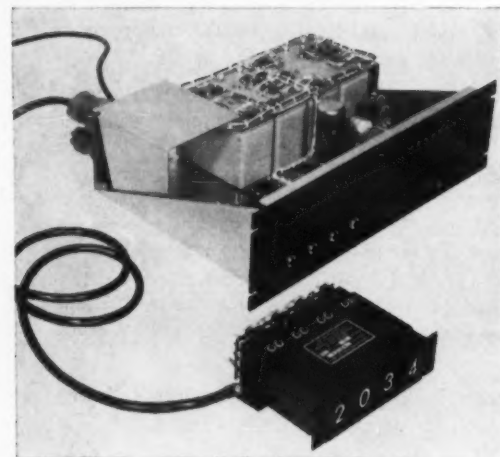
Drum Switch

Spring-Action Handle

Spring-action handle on drum switch causes contacts to open or close, providing stopping, starting, or reversing of single-speed motors up to 2 hp. Shipped as maintained contact switch, it can be changed to momentary contact type.

Price: \$11.00. Delivery: February 1st.

General Electric Co., Schenectady 5, N. Y. (P.W., 1/4/60)



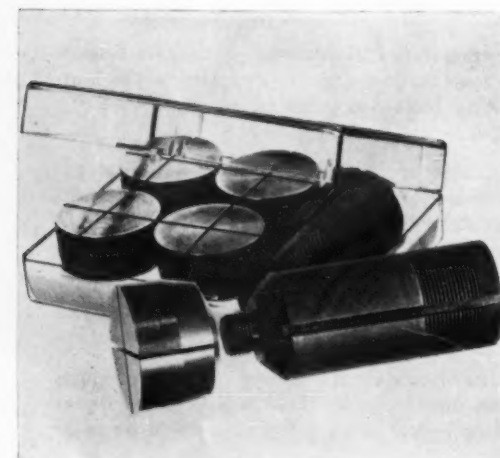
Digital Clock

Explosion-Proof

Clock with sealed components operates safely in process control systems where explosive gases are present. Resetting is accomplished by means of push-button switches. Digital output contacts are available in decimal or binary coded form.

Price: \$825 to \$1,175. Delivery: 120 days.

Parabam, Inc., 13000 Yukon Ave., Hawthorne, Calif. (P.W., 1/4/60)



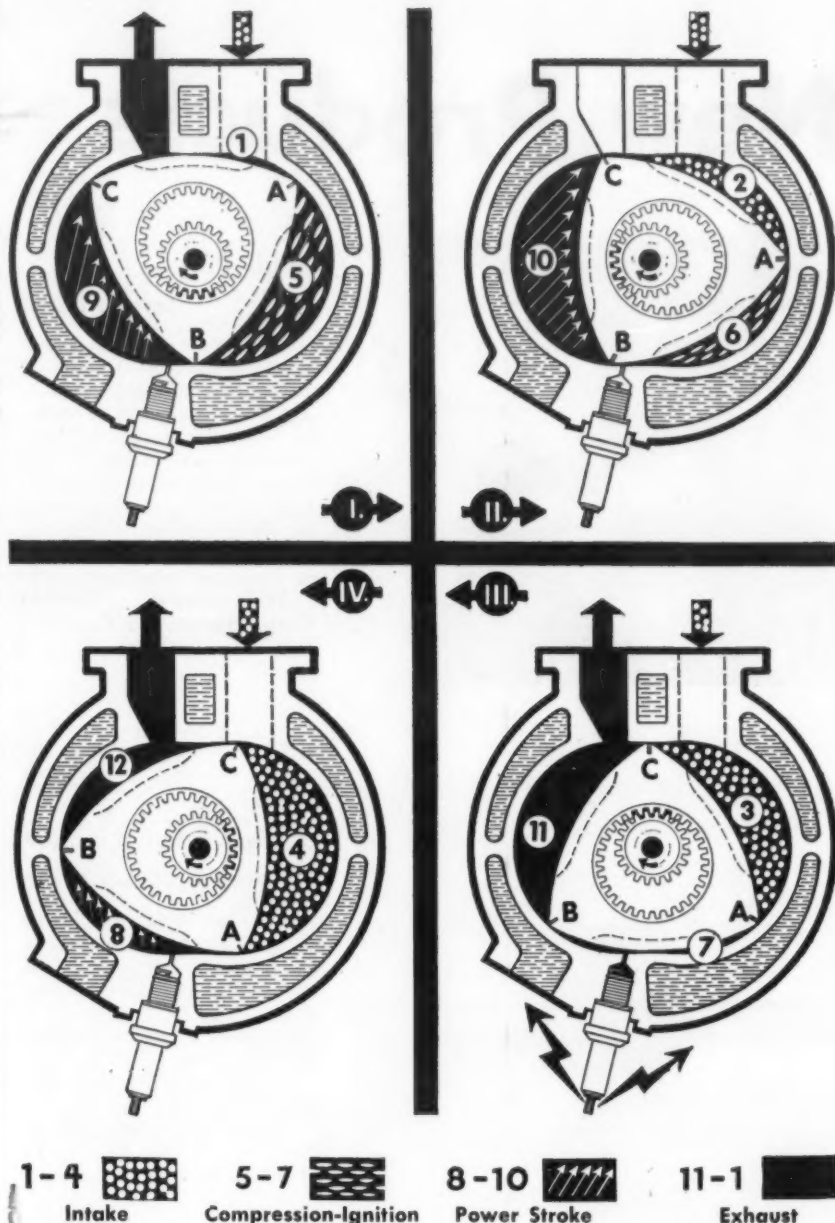
Collet Chuck

Is Detachable, Reusable

Designed to handle hard to hold parts (soft metal or plastic) for second operation work, collets may be detached and reused. Available in sets from ⅛ to ¼-in. capacity, aluminum collets hold on shoulders as small as 0.015 in.

Price: \$19.95 to \$39.50. Delivery: immediate.

Hornet Machine Products, Inc., 125 Penn St., El Segundo, Calif. (P.W., 1/4/60)



SCHEMATIC shows four stages in operation of rotating internal combustion engine. Triangular rotor is only moving part, its corners continuously contact the cylinder walls forming three chambers for intake, compression-ignition and exhaust cycles.

Latest Word on That Rotating Engine: No Problems, Production by Mid-1961

Bonn, Germany—NSU, original developer of the rotating internal combustion engine (see "New Engine Has Only Three Moving Parts", P.W., Nov. 30, '59, p. 1) has taken exception with statements both by NSU's U. S. associate, Curtiss-Wright, and by Detroit critics of the invention.

The German manufacturer claims:

- The new motor will not be in assembly-line production until mid-1961. Curtiss-Wright had forecast mid-1960 as initial application date.

- Engineering problems cited by Detroit auto companies (see P.W., Dec. 14, '59, p. 21) have been satisfactorily solved and no production difficulties are anticipated.

NSU already has approached German machine-tool makers with plans for building the special tools (particularly high-accuracy grinders) required for machining the complex-shaped chamber and the triangular rotor.

Both rotor and housing have to be machined to tolerances closer than is normal on a conventional engine to insure perfect sealing. A special grinder for this epitrochoid contour was designed for the job by Professor Baier of the Stuttgart Institute of Technology.

Each apex of the rotor has a special strip seal (acting similarly to the normal engine piston ring). This seal is made of

a special heat and wear-resistant metal whose composition remains secret. All NSU will say is that "it is tough and resilient."

All models presently bench-tested are water-cooled, but NSU says it sees no difficulty in air-cooling future designs. Prototype engines are now installed in a NSU-Prinz vehicle run on a gasoline lube-oil mixture, but next prototypes scheduled for test will use gasoline only. The rotor will be cooled by a lubrication oil pump feed through the assembly.

The company says that special treatment enables the metal chamber walls to withstand the necessary high temperatures and stresses and that the seal between the wall and rotor-apex is not impaired in any way. Tests are scheduled for an engine using diesel oil as fuel. An injector will replace the ignition spark plug.

NSU says that the over-all efficiency of the engine is satisfactory and compares well with original estimates. The firm hopes to up the efficiency to at least be on a par with conventional engines, and maybe better.

NSU expects manufacturing costs of the new engine to run substantially less than that of a conventional design once full production is reached. Latest information here is that the engine is covered by over 60 patents in all major countries.

\$40 Million Saved by Users Of Radioisotopes in 1 Year

Oil Refiners Gained Almost \$12 Million On Investment of \$295,000, Study Shows

New York—Instruments using radioactive isotopes are leading to large savings in industry. A recent study by the National Industrial Conference Board for the year 1957-58 found isotope equipment saved 523 companies \$40 million.

The largest number of users were in the paper and allied products industry (99), but petroleum refiners reaped the largest gain—\$11,728,000 saved on a \$295,000 equipment investment.

Radioisotopes give off a small amount of radiation that does not affect the product being manufactured. In industry, they work much the same way as an electric eye. The radioactive source is the "light," and a special counter acts as the "photo-cell"—measuring the amount of rays that go through the product.

Raw Material Savings

The NICB study found that isotopes led to a \$10 million saving in raw materials during 1957-58. Most of the reported savings occurred in industries where product thickness or coatings were controlled with radioisotope gages. Over \$9 million of the savings were attributed to tobacco, rubber, primary metals, paper, plastics, and textile industries.

Paper, plastic, and rubber makers reported that scrap was materially reduced through closer process control made possible by the measuring instruments. The gages give instantaneous readings, allowing the operator to obtain the proper tolerance soon after start-up.

The NICB study found that although the returns on investment were very high in many instances, only a small percentage of American companies were using isotopes.

About 100 firms are supplying materials and services to the 1500 U.S. facilities using radioisotopes. The NICB found no serious technical obstacles blocking industry use of isotope equipment, but found several factors slowing acceptance. These include union reaction, management attitudes, cost of paper work, and time involved in AEC inspection services.

WHERE-TO-BUY

National purchasing section for new equipment, service, and merchandise
SPACE UNITS: 1-6 inches.
RATES: \$17.15 per advertising inch, per insertion. Contract rates on request. Subject agency commission and 2% cash discount.

RECORDING CHARTS

Circular • Strip • "Specials"

All your chart needs from ONE source

TECHNICAL SALES CORP.

189 VAN RENSSLAER ST., BUFFALO 10, N. Y.

This WHERE-TO-BUY section is a special classification for advertisers desiring advertising of new equipment, services or merchandise in space units smaller than the minimum run of book display space. Space is available in this section in units from one to six inches. For low rates, Write:

PURCHASING WEEK

POST OFFICE BOX 12
NEW YORK 36, NEW YORK



THERMO-lag goes on any contour just like conventional paint.

New Paint Dissipates Intense Heat

St. Louis, Mo.—A new type of paint offers control and reduction of temperatures of materials subjected to intense heat. "Thermo-lag" was developed by the Emerson Electric Mfg. Co. for use in the missile program, but industrial uses are sure to follow.

Thermo-lag goes onto almost any surface much like paint. It cures at room temperature. Storage tests have shown corrosion resistance to be good. The substance dissipates heat by vaporizing.

By varying the compound and application thickness, the tem-

perature at which sublimation starts plus the total vaporization time can be adjusted.

Thermo-lag has been selected by the National Aeronautical and Space Administration to provide re-entry protection on a "Little Joe" space capsule, the forerunner of the man-in-space "Mercury" project.

The coating has already reduced the weight of the capsule considerably. Aluminum, coated with Thermo-lag, has taken the place of an insulator-coated steel in several parts—reducing their weight about 60%.

Cut your fluorescent lighting investment as much as 40¢ per square foot —with new General Electric Power Groove Lamps!

- Power Groove gives lowest cost of fluorescent light for most users...
- Saves 10-30% on initial investment, alone...
- Stays cleaner, brighter longer—cuts end darkening
- Will last about 3 years in single-shift service

INITIAL INVESTMENT REDUCED—You can save up to \$4,000 on every 10,000 square feet of lighted floor area by specifying new General Electric Power Grooves over other types of fluorescent lamps. This is based on a typical industrial area and a practical 100 footcandle lighting level which will help you get increased production through higher worker efficiency and comfort.

HOW? Use new G-E Power Grooves, the most powerful fluorescent you can buy. If you're in the midst of

planning a new building, or remodeling an existing one, you'll welcome the sizeable savings in capital investment. For a given lighting level, you need fewer G-E Power Groove Lamps, fewer fixtures... less installation time.

COMPARE POWER GROOVE COSTS: Using average conditions, figuring the cost of the lamps, fixtures, distribution equipment and labor, here's a cost comparison of the major types of fluorescents:

YOU CAN SAVE THIS MUCH ON INITIAL INVESTMENT BY USING 8-FOOT G-E POWER GROOVE LAMPS

(Based on a desirable 100 footcandle level, at about 95¢ per square foot using Power Grooves)

| | YOUR SAVINGS PER FOOT | YOUR SAVINGS PER 10,000 FT. |
|--|-----------------------|-----------------------------|
| POWER GROOVES vs. 4' 40-WATT RAPID START (at \$1.35/sq. ft.) | 40¢ | \$4,000 |
| POWER GROOVES vs. 8' SLM LINE LAMPS (at \$1.35/sq. ft.) | 40¢ | \$4,000 |
| POWER GROOVES vs. 8' HIGH OUTPUT LAMPS (at \$1.15/sq. ft.) | 20¢ | \$2,000 |

NEW G-E POWER GROOVES come in 4, 6, and 8-foot lengths—and all have the new G-E cathode shield that keeps ends brighter longer. This collects the tiny electrode particles that would otherwise be deposited on the tube

wall. These lamps are interchangeable with original Power Grooves—yet they sell for the same price! For more information, write: General Electric Co., Large Lamp Dept. C-02, Nela Park, Cleveland 12, Ohio.

Progress Is Our Most Important Product

GENERAL  ELECTRIC



Your Guide to New Products

(Continued from page 28)



Steel Tubing

In 'Box' Structures

Square and rectangular structural steel tubing consists of two channel sections welded together. Available in girths from 12 in. to 48 in., and wall thicknesses of $\frac{1}{8}$ to $\frac{1}{2}$ in. Square and rectangular shapes are used in boom sections, railings, and trailers.

Price: Approx. 16¢ per lb. Delivery: 30-45 days.

Union Asbestos & Rubber Co., Chicago, Ill. (P.W., 1/4/60)



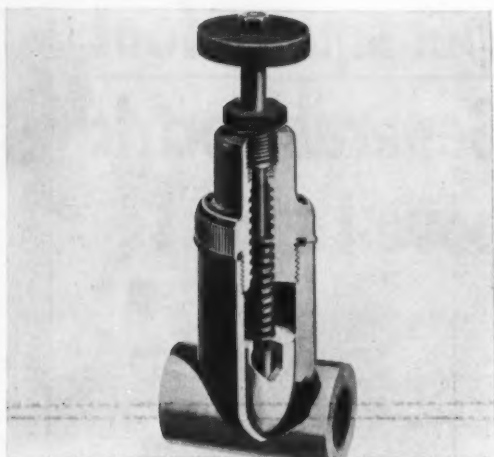
File Box

Sized to Fit

Trade journals, bulletins, and industrial reference material are kept in orderly fashion, free from dust and damage. Box is made to user's specifications, with maximum width of 5 in. Simulated leather material serves as cover.

Price: \$2.50. Delivery: immediate.

Edmund Scientific Co., Barrington, N. J. (P.W., 1/4/60)



Gate Valve

Resists Acids

Plastic $\frac{1}{2}$ to 2-in. gate valves (socket weld, flanged, or screwed ends) resist exposure to corrosive media at 100-125°C. Valve is not subject to elongation, won't lose its tensile strength at high temperatures.

Price: From \$25. Delivery: immediate.

Vantop Pump & Equipment Corp., Hillside, N. J. (P.W., 1/4/60)



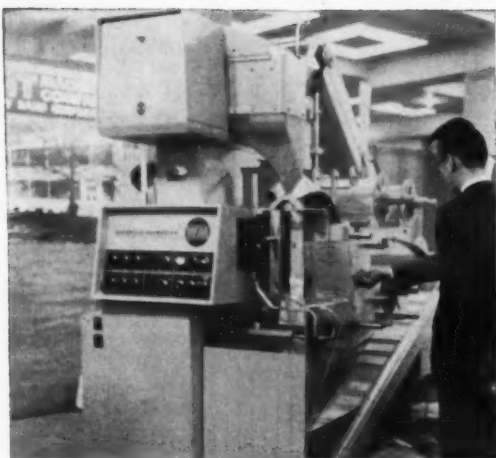
Containers

Are Flame Retardant

Cellulose plastic fibre does not support combustion and is self-extinguishing. Made on order into lightweight, materials handling receptacles such as trays, bins, boxes, pans, etc.

Price: \$11.95 (waste basket, 20 x 10 x 30 in.). Delivery: 2-4 wk.

National Vulcanized Fibre Co., 1059 Beech St., Wilmington 99, Del. (P.W., 1/4/60)



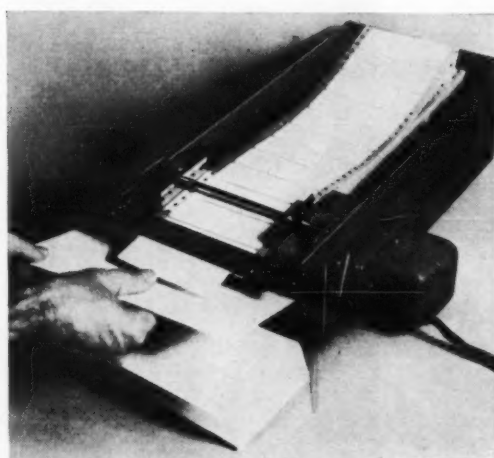
Bag Packer

Uses Plastic Films

Machine weighs product, discharges it into material tube, wraps it in cellophane, glassine, or polyethylene film. Filled tube is then sealed, cut, and discharged onto conveyor. It forms pillow-type, single or double walled, packages up to 8-in. wide and 14-in. long.

Price: Approx. \$19,000. Delivery: 6-8 mo.

Wright Machinery Corp., Durham, N. C. (P.W., 1/4/60)



Label Dispenser

Flat Packs or Rolls

Dispenses pressure sensitive labels at speeds up to 3,000 per hr. It feeds fan-folded flat packs or rolls up to 6½-in. wide to operator who controls speed with foot pedal. Deep throat allows for correct positioning.

Price: \$169.50. Delivery: immediate.

Allen Hollander Co., Inc., 385 Gerard Ave., New York 51, N. Y. (P.W., 1/4/60)

Purchasing Week Definition

Aluminum Alloys

Aluminum-Silicon. High-silicon alloy (5-13%) is easy to cast and weld. It has good corrosion resistance and thermal conductivity. Used for engine pistons and cylinders.

Aluminum-Bronze. Basically a copper alloy which uses aluminum as the chief alloying agent. Strength is increased up to three times that of the base metal. It has good corrosion resistance, is easy to cast or forge, but difficult to machine.

Aluminum-Manganese. Contains 1-1.5% manganese with small allowable per-

centages of copper, iron, silicon and zinc. Finds applications in can making and corrugated roofing.

Aluminum-Zinc. The zinc adds strength, but it must be modified by other elements to inhibit corrosion. Zincs are more difficult to cast than other alloys.

Magnesium. Forms a silicide with silicon present and gives age-hardening.

Titanium. In small amounts increases corrosion resistance and machinability. (P.W., 1/4/60)



Dolly

Moves Cans

Cans and variety of containers placed on cross braced, steel frame of dolly are stored and ready to move. Four swivel casters are bolted to frame and have two rows of ball bearings for movement in any direction. Recommended capacity is 300 lb.

Price: \$13.50. Delivery: immediate.

Nutting Truck & Caster Co., 1201 W. Division St., Faribault, Minn. (P.W., 1/4/60)

Profitable Reading for P.A.s...

New Books

Business Policies and Management
—By William H. Newman and James P. Logan. Published by South-Western Publishing Co., Inc., 5101 Madison Road, Cincinnati 27, Ohio. 996 pages. Price: \$7.00.

This new book presents one of the most comprehensive studies available on modern scientific management. The authors, both attached to the Columbia University Graduate School of Business, dissect the operations of the modern corporation into its many vital parts.

The book is broken down into four basic segments—policies, organization, resources, and operations. Within each, every vital business process is discussed and interrelated.

The P.A. will find the two chapters on procurement of particular interest. Sections on make or buy, inventory speculation, alternate vendors, and adjustments to cyclical fluctuations will prove most valuable.

Aids to Purchasing

New Car Prices

Directory gives pertinent price information on 1960 cars. It lists dealer's wholesale costs and factory-suggested retail prices on all new U. S. cars and most foreign makes. Specifications such as inside and outside dimensions and engine horsepower, torque and RPM are included.

Car Fax booklet also lists standard equipment on each model, wholesale and retail prices on optional equipment, federal tax breakdown on both car and equipment, and freight costs to principal cities. Subscribers also receive supplements during the model year giving price changes, late model introductions, and other new-car information. Booklet can be obtained from Car Fax, 550 Fifth Ave., New York 36,

N. Y. at a price of \$4. A similar booklet on trucks, called Truck Fax, can be obtained for \$3.

From the Manufacturers

Hydraulic Cylinders

Catalog-Engineering Guide #117 (12 pages). Aids in selecting hydraulic cylinders. Features direct-reading dimension charts, ordering information and parts lists. Gives hydraulic pressure

and flow data, figures to determine oversized rod and stop tube applications, etc. S-P Mfg. Corp., 30201 Aurora Rd. Cleveland 39, Ohio.

Edge-Punched Cards

RT8972. Discusses edge-punched master cards which aid in expediting data-processing. Cards are used for sales orders, invoicing, purchasing, inventory, etc. Remington Rand Co., 315 Fourth Ave., New York 10, N. Y.

Laboratory Instruments

(12 pages.) Describes Servall laboratory centrifuges, homogenizers, ultra-microtomes, etc. Features tube-type continuous flow system. Also includes descriptions of a particle-counting and virus rotor, large capacity rotor, superspeed rotors, etc. Ivan Sorvall, Inc., Norwalk, Conn.

Hydraulic Equipment

(60 pages.) Discusses hydraulic equipment in the construction, diesel, automotive fields, etc. Gives engineering specifications, technical drawings, suggested

usages, etc. for each item covered. Covers water pumps, hydraulic cylinders, generating plants, hydraulic motors, etc. Groban Supply Co., Dept. P, 1139 South Wabash Ave., Chicago 5, Ill.

Electric Indicators

Bulletin GEZ-2898 (10 pages) Describes d-c millivoltmeter and bridge-type controllers, temperature scanner systems, and saturable reactor control systems for indication and control of temperature. Includes typical measurement applications, control forms, scale ranges, etc. General Electric Co., Schenectady 5, N. Y.

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Foreign Perspective

JANUARY 4-10

London—World commodity prices in general will be firm to higher in the coming 12 months.

Experts in this world trading capital think rising U.S. and European demand virtually assures a strong market.

But just how sustained individual advances will be is another question. Major restraining factor is the amount of surplus production capacity that will be brought into play as prices move ahead.

Another moderating influence undoubtedly will be provided by stockpile releases of industrial commodities from government sources.

And finally, in the case of a few commodities, such as tin, aluminum and rubber, Communist trade policies constitute an unknown factor that can always erupt into a powerful market force.

But despite these restraining factors, most products are starting the year in a pretty healthy condition. Here's how a few of the more important international commodities shape up:

TIN—It's not so long ago that tin was sagging dramatically. Now chances are that the metal has achieved real price stability.

Increasing world demand just recently permitted the International Tin Council to raise substantially the export quotas of its producer members. The trade in London seems convinced that the Russians won't undercut the market in the foreseeable future. Chinese plans, as usual, are imponderable.

All this makes for bullish forecasting. But it's possible too that with more tin coming onto the world market, plus likely liquidation of the council's buffer stock, supplies will overtake international consumption.

It looks pretty safe, all things considered, to bank on a fairly stable tin price throughout 1960.

ALUMINUM—Britishers believe that definite hikes are in the cards for aluminum.

Admittedly, there's plenty of world capacity waiting to be opened up. But the price of aluminum is still relatively cheap—even with recent boosts in aluminum quotes.

Moreover, it's anticipated international consumption outside the U. S. is all set for a slow but powerful rise over years immediately ahead.

COPPER—One commodity you can't be too sure about is copper.

In general terms, Britishers believe industrial recovery slowly but surely will force the price realistically upwards. But it's been difficult to obtain a clear picture in recent months, chiefly because of state-side labor issues that led to tightness of physical supply.

Dealers in London have been anticipating brisk demand for the red metal in the early days of 1960, but after that, they surmise, the supply position should ease up.

LEAD AND ZINC—By end-1959 long-awaited recovery in the price of lead

still hadn't materialized, and no one now expects a price spurt.

There could even be a tumble if current restrictions on supplies are scrapped in 1960.

That goes for zinc too, which despite shortage of nearby supplies, recently drifted downwards pricewise in London. British government is busily liquidating its zinc stockpile, and it's believed that early in 1960 producers will start hiking their output rates.

RUBBER—Top prize for 1959 recovery undoubtedly goes to rubber—but it's not at all certain the commodity will repeat that performance in 1960.

The supply "squeeze" definitely relaxed at year-end, and London dealers have been talking about the return of a "normal" price. But what that is, no one really knows.

But it's unlikely to be much, if at all, lower than the level ruling during the latter half of 1959.

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Fig. 1236 — 200# S.W.P. — R.S. Gate Valve
Also available Fig. 1232 N.R.S. Gate Valve



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Fig. 9215-S — General Purpose Truck

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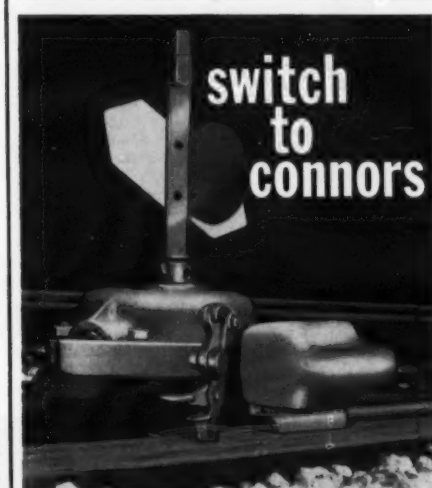
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Packagers Demand 1-Year Extension Of FDA Deadline

(Continued from page 1)
safe until FDA proved it unsafe. Now the burden of proof is on the packagers.

Under the food additives amendment enacted Sept. 6, 1958, producers and users of chemicals which find their way into food were given until March 5, 1960 to prove that their chemicals are safe. The packagers got caught in the act because some kinds of wrappings and containers have ingredients which migrate into the food.

See Strict Enforcement

The way in which Secretary Arthur S. Flemming has been cracking down on cranberries, poultry, and milk has given the packagers a case of the shakes as deadline time approaches. They sense that the Secretary is going to be strict in enforcing the law.

A delegation from the industry's packaging committee for food additives problems last week called on Flemming to ask for leniency in granting the extensions permitted under the law. They suggested a general one-year leeway for packagers because so many firms are suddenly faced with carrying out extensive and time-consuming tests unfamiliar to them and their scientific personnel. At least, they sought assurance that FDA will be generous in allowing extensions for any firm which has been conscientious in getting testing started.

Blanket Extension Unlikely

Flemming assured the delegation that companies which have been moving readily to comply will be given every break, but a blanket extension is unlikely. Privately, government officials have been somewhat peeved with packaging industry. They feel packagers tried to "shove the problem under the rug" as long as they could.

The packagers pointed out that many of the tests with laboratory animals take two years, and that it takes time to get a whole industry educated to the problem and get them started on their testing programs.

Some relief will be forthcoming early in January when FDA publishes a list of 40 or 50 chemicals used in packaging materials which are generally recognized as safe and hence do not require laboratory proof. But beyond that, the burden is on the industry.

Paper and some kinds of plastic wrappings appear to be in the most danger.

This Week's

Purchasing Perspective

JAN. 4-10

(Continued from page 1)

creasingly high hurdle in capital equipment and inventory financing. Bankers already are warning that heavy money demand may force new increases in business loan rates before spring.

● **Leasing**—A spreading concept that is compelling many purchasing executives to study relative cost factors more carefully in complex machine tools, materials handling, transportation, and other industrial production equipment.

● **Technological Advances**—Both purchasing and sales personnel are under pressure from Space Age technology in special engineering, production, and product requirements. **Expect more interest in the purchasing-engineering hybrid—the liaison specialist described on pages 24 and 25.**

● **Value Analysis and Standardization**—Production emphasis on costs requires even closer attention in these fields. One of the biggest single standardization drives is now being pushed by 56 top U. S. metalworking companies (they're coordinating proposals to be handed machine tool builders at a mid-March meeting in Detroit). The idea is to standardize milling machines, lathes, drilling machines, and grinders so that fixtures for machines of comparable types and capacities eventually can be interchanged from plant to plant.

● **MONEY PROBLEMS**—Added management skills in purchasing are demanded by the increasing complexity of business financing. A major Midwest producer of capital equipment tells PURCHASING WEEK its salesmen already are rounding out added technical training with thorough experience in financing problems. This company says its salesmen are becoming more and more tax and depreciation-conscious so that they can assure customers immediate and expert service in capital equipment taxation and depreciation schedules.

● **LOOKING AHEAD**—A Georgia wire and cable company believes purchasing men need to be sold more effectively on advance planning. Its salesman will confront purchasing agents with case histories of customers who planned ahead effectively in 1959. Main object: to give "advice on tried-and-true procedures for projecting material-need figures into the future."

● **STEEL PRICES**—Republic Steel has dropped an unmistakable hint as to the ultimate course of steel prices following a contract settlement. Republic Steel Chairman Charles M. White points out that the industry's latest settlement offer would raise steel production costs \$5 a ton for each year of the proposed three-year, 30¢ package agreement. On the basis of this and other expected cost increases, says White, Republic no longer can put itself in the position of saying "we are not going to raise prices." The industry formula: 1¢ in wages means 1.52¢ in total added costs.

Proposed Bill Bans Costly Bidding

Albany N.Y.—Gov. Nelson Rockefeller has endorsed a proposed bill authorizing state municipalities to purchase locally without costly public bidding, on condition that:

● Purchase price and terms do "not exceed the price and terms for the purchase of the same item through the Division of Standards and Purchase."

● An affidavit be filed to this effect.

● The purchase is approved by a two-thirds vote of the local governing body.

● The purchase is not made where the Division has an existing contract to furnish the same material in a designated area of the state where the municipality is located.

Steel Settlement Takes Priority In New Session of Congress—Mansfield

(Continued from page 1)
White House or Labor Department auspices.

"The 80-day injunction provision in the Taft-Hartley Act has proved a failure," Mansfield declared. "Either we correct the inequities in this piece of legislation or we should abolish the law entirely."

Sees Little Use for Injunction

The Montana senator admitted, however, that there wasn't much sentiment in Congress at this time for such a sweeping action. But he noted that "some corrections might be attempted such as doing away with the 80-day injunction." The injunction, he added is useful only at the beginning of a strike.

Mansfield's views on the subject of steel reflect the determination of the top leadership on the issue. And he states flatly that Congress will act if no settlement is in sight by the end of January.

Labor Courts 'Possible'

"It is quite possible," he explains, "that some form of arbitration might be passed." But he did not indicate whether the Democratic leadership favored compulsory or voluntary arbitration at this time. "Perhaps," Mansfield added, "we should try to create a system of labor courts based on the old Fiorello LaGuardia proposal."

This proposal would have a court hand down settlements in wage and work rule disputes, but stay clear of other labor-management controversies.

The Montana senator's proposal for enforced negotiations would toss the hot potato to the Administration. Some congressmen favor this approach because they would rather not handle this politically embarrassing issue on an election year.

Many Want No Part

A sizable bloc in Congress rejects all of these proposals on the ground that such actions would push the government even further than it is into collective bargaining. Once in, the odds are the government would stay in, not only for steel but for other bargaining situations as well.

Though there are certain to be legislative proposals stemming from Congress, Mansfield let it be known that the leadership



HOT POTATO! Sen. M. Mansfield listed 3 ways of getting rid of the lingering steel strike headache.

would not act until President Eisenhower had first sent up his recommendations to Congress. By not having to initiate legislation, Congress would escape some criticism from both sides in the steel dispute.

Mansfield anticipates a major fight, however, when the subject comes up in Congress. There are certain to be many different proposals by "people not friendly to labor who will use the situation as an excuse to try to put all labor in a bind," he is quick to point out.

Shippers May Switch To Rails if ICC Gives New Rates the Green Light

Buffalo, N.Y.—Many shippers and importers who have been using the St. Lawrence Seaway may jump on the rails if the ICC gives the green light to proposed railroad freight rate cuts between Eastern Seaboard and Great Lakes ports.

An executive of the Buffalo Steel Corp., for example, said his firm would give "serious consideration" to re-routing its Seaway traffic to the railroads at seaboard ports should competitive rates be permitted.

Meanwhile, Eastern railroads continued their campaign to win ICC approval of low competitive rates. As one rail executive puts it: "We are going all out to take business away from the St. Lawrence Seaway."

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| Item & Company | Amount of Change | New Price | Reason |
|--|------------------|-----------|--------------|
| INCREASES | | | |
| Kerosene, N. Y. harbor, Esso, whlsle., gal..... | .005 | .108 | low supply |
| Copper, (leading custom smelter), Feb. del., lb..... | .02 | .35 | short supply |
| REDUCTIONS | | | |
| Casein, Argentine, carlots, lb..... | .0075 | .1975 | |
| Hydro-generators, G.E., published prices..... | 10% | .. | competition |
| Viscose tire yarns, lb..... | .05 | .. | competition |
| Polymeric plasticizer NP-10, tankcar, lb..... | .06 | .44 | |
| Mercury, 76-lb. flask..... | \$1.00 | \$212.00 | oversupply |
| Methyl Cyclohexanol, baird, tanktruck, lb..... | .15 | .34 | competition |
| Polyester Fiber, Kodel, (Eastman Chem.)..... | 3.7%-10% | .. | competition |

What's Cooking for P.A.'s in 1960

(Continued from page 1)
eign competition a tremendous foothold in American markets.

"We will continue to stress quality and service in our sales approach this year as we have done before," a spokesman for the machine tool division of Olivetti Corp. of America told PURCHASING WEEK. "But we will concentrate more on the economic facts of life in 1960. If we can offer a customer a good product and at the same time save him money, he'll buy from us."

This will be the major selling strategy of foreign product pushers across the board. As for a U.S. counter-attack . . .

"In most cases, we'd come out the loser if we fought them on the price front," admitted a sales executive for a large East Coast metal products firm. "We will throw the full weight of our selling efforts behind quality and service—and even wave the 'Buy American' flag if we have to."

Some of the main maneuvers of U.S. vendors in the battle to capture sales in year ahead include:

1. More Salesmen, Faster Delivery

Sales and marketing executives are emphasizing a "closer to the customer" theme. Frank Oakes, vice president of Calumet & Hecla's Wolverine Tube Div., Detroit, for one, says Wolverine is making its sales districts smaller for more intensive cultivation. This will mean a 25% increase in the over-all number. The company is also aiming at direct representation by eliminating manufacturing agents, and also is opening more warehouses to get distribution closer to the point of use.

General Motor's Diesel Div., Detroit, has opened six completely manned regional offices because, says Robert Hunter, general sales manager, "purchasing agents had complained that we were not close enough to them." Any standard engine application can be completely engineered in any of these offices.

"Our sales argument will hit the fact that our company has a nation-wide group of plants that are fully integrated and have physical locations adjacent to major market areas," commented Joseph Buerger, sales vice president for Yuba Consolidated Industries, San Francisco. He added that quality and service and products that can do the job will also be given increased emphasis.

Fundamental to the whole sales and marketing program of Joy Manufacturing Co., Pitts-

burgh machinery maker, is the existence of the company's far-flung service organization. During 1960, Joy expects to complete a parts service and warehousing system, making possible unusually prompt delivery of any of its tens of thousands of parts. "We are trying to get closer to our customer's basic needs," says John Thornton, marketing vice president. "We want to be their partner in solving problems."

2. Service and Reliability

"We've just come through a year that was as hectic as far as metals supply is concerned as any year I can remember," says J. H. Griffin, sales manager for Southwire Co., Atlanta. "This will be reflected in our sales talks during the coming year—our men will stress service, in foul weather as in fair."

He said Southwire will also offer something new in service—a more concentrated effort to get purchasing men to plan ahead. "Our salesmen will go in citing examples of customers that did plan ahead, and how much money and trouble it saved them," Griffin added. "The main thing we'll offer is advice on tried-and-true procedures for projecting material-needed figures into the future."

Controls Co. of America, Schiller Park, Ill., has a similar sales argument. "We are gearing our story, at least for the first four months, to delivery of products containing steel, because we've made a special effort to obtain material as hedge against another strike," explained Don Strathearn, sales manager of the appliance and automotive controls division.

"We went through the last strike and never shut anybody down because we didn't have steel," he said. "We bought a lot of brown, gray, and black market steel and we paid through the nose for it. But we brought our customers through."

Baker Industrial Trucks, Cleveland, hopes to gain a larger share of the fork truck market by offering purchasing agents a complete maintenance package at a fixed cost. The firm will inspect the trucks at regular intervals, maintain lubrication with the proper grades, and replace worn tires. If an engine doesn't perform properly and needs a ring job after a few months of operation, for example, Baker will do the engine work immediately rather than waiting for worse trouble to develop.

3. Leasing as a Sales Tool

"Leasing of industrial equipment poses a big threat to our future sales," declared a market-

ing executive for a large oil, gas, and chemical equipment maker in Texas. "We will combat it by offering leasing plans on our own products."

This attitude "if you can't beat 'em, join 'em" is taking hold in many industries. Clary Corp., San Gabriel, Calif., for instance, expects more than 70% of its computers—which are both sold and leased now—will be on a strictly lease basis in 1960. "Leasing activity is on the increase and is even taking hold on our adding machines and cash registers," commented W. G. Zaenglein, Clary's executive vice-president.

Many firms point out that tight money is giving added impetus to the leasing trend. A spokesman for the Texas Tool and Die Manufacturers Assn., Dallas, noted that leasing is being seriously considered by the industry "for both tools and dies they manufacture and for equipment they use."

"Where a machine formerly cost \$37,000, it may now cost \$137,000," he explained. "A manufacturer cannot afford to put this much money into one machine for one job—and he can't quote high enough to pay for it. Therefore, he may eventually have to lease such equipment."

4. New Products and Methods

"We consider the development of new products the key to increased business in 1960," T. Emerson Murphy, industrial sales manager for Pratt & Lambert, Inc., Buffalo, told PURCHASING WEEK. "We are now working on a couple of developments in industrial finishes that might be revolutionary and which may open up new sales opportunities for us."

Fairchild Semiconductor Corp. electronics manufacturer in Mountain View, Calif., hopes to combat increased competition anticipated in 1960 not only with an expanded product line, but also with consistently high quality products. "Our sales presentation will be based largely upon the element of reliability combined with quality," said Tom Bay, marketing manager. "In addition, we will have an expanded product line which includes diodes, and will be able to offer increased service by virtue of an increased sales force."

"The new parts of our sales pitch will concern new products—or what we call new products for solving old problems," declared Henry Brown, sales manager for Momar, Inc., Atlanta makers of janitorial supplies for industry. Brown said his firm's success has come mostly from problem-solving. "Competition is something we don't spend a lot of time beefing about. If we suit the customer best, we don't have to worry about competition."

Both General Electric Co. and Westinghouse Electric Corp., will emphasize new products and greater product values in their 1960 sales battles.

A sales official from one GE division told PURCHASING WEEK "to meet an ever-growing competitive situation in our industry, we will maintain a continued effort to give purchasing men improved products, product innovations, improved product performance, and improved service,

Late News in Brief

All Quiet on Copper Front

New York—While contract negotiations in the copper industry continue to inch forward, most producers admit that actual resumption of production is still "some weeks away."

American Smelting & Refining Co., which settled with the Mine, Mill, and Smelter Workers Union three weeks ago, last week had yet to ship a pound of copper. It was still making refinery repairs. Kennecott, which settled with Mine-Mill two weeks ago, still hasn't reached agreements with its smaller trade unions. Most other producers report "considerable progress," but no signatures on the dotted line.

Airline Cuts Cargo Rates

Atlanta—American Airlines and Delta Air Lines will cut freight rates on Jan. 11 on a number of items shipped between here and the West Coast.

The air cargo cuts are being made in conjunction with a new all-cargo interchange service which American and Delta plan to inaugurate on the route at the same time.

Tranquilizer, Anyone?

Washington—Sen. Kefauver's Antitrust and Monopoly subcommittee will resume its probe on drug pricing Jan. 21, turning the spotlight this time on tranquilizers.

Among the industry witnesses to be heard will be representatives of Smith, Kline & French Laboratories, Carter Products, Inc., American Home Products Corp., and CIBA Pharmaceutical Products, Inc.

Kodak Price Sinks

New York—Eastman Chemical Products, Inc., a subsidiary of Eastman Kodak Co., has cut prices on Kodak, its synthetic fiber. The reductions ranged from 3.7% to 10% a pound.

Jersey Central Plans Expansion

Jersey City, N. J.—The Central Railroad of New Jersey moved last week to extend its operating area with an offer to buy the Lehigh & New England Railroad and a line it now leases, extending from Phillipsburg, N. J. to Wilkesbarre and Scranton, Pa.

Both properties would strengthen Jersey Central's position as a carrier of anthracite and cement and give the railroad a direct connection with the New Haven at Maybrook.

Output Soars

Washington—A complete revision of Federal Reserve Board figures show that U. S. industry has been churning out more goods at a faster clip than previously calculated.

The new index of industrial production indicates that output is currently back near the record level of mid-1959. It hit a seasonally adjusted record of 166% in May and June, compared to the old figure of 155%, which covered manufacturing and mining but not utilities. The index also indicated "a sharp rise" to that record level in December.

while maintaining a competitive price line."

While stressing new products and product uses, Westinghouse is also putting emphasis on the "complete" salesman, who can discuss any facet of a product or its possible applications. "More and more of our men will be extremely knowledgeable when they talk to customers about their problems," said K. M. Patterson, manager of headquarters sales at Westinghouse's apparatus division in Pittsburgh.

These are the basic sales approaches that will be made to industrial buyers as a new and hopefully prosperous year unfolds. Many companies, of course, will use modifications of these tactics and others hint they will attempt "non-conformity" to gain a half step on their competition. And still others—if another steel shutdown is in the cards—

may be forced to follow the tentative plan at Russell Burdall & Ward, large fastener firm in Port Chester, N. Y.

"We're going to be faced with shortages if the steel strike resumes," declared John Davey, sales vice president for the company. "And we may have to be selective and deal with our better accounts. We'll definitely have to be far more selective than during periods of no shortages."

But however the final sales pitch picture breaks down, one thing is certain—many price hikes are on the horizon in many industries.

And finally—neither strikes nor material scarcity nor product shortages nor gloom of a possible transportation snag will stay salesmen from their appointed rounds in 1960. They'll be out in force knocking at the purchasing agent's door.

Sales Expansion vs. Taxation

Washington—A move toward expanded regional sales and warehouse facilities (see sales story) indicates some firms are hopeful Congress will add teeth to its new law restricting state taxation powers.

The 1959 legislation was an attempt to ease the impact of several Supreme Court state business tax decisions. But it only removed doubts on this point: An out-of-state company must have some kind of permanent establishment inside a state before it can be taxed.

A company now qualifies for state income tax immunity if its orders are sent outside the state for approval or rejections and if orders are filled by shipment or delivery from outside the state.

A top-drawer congressional study of the whole state tax problem has been authorized, however, with recommendations for additional legislation to be presented before July, 1962.

U. S. May Have Last Word on Buy-American Law

California Attorney General Says State Rule Is In Conflict with Federal Favored-Nation Treaty

San Francisco — California's Attorney General Stanley Mosk may have set off a chain reaction when he ruled last week that an American treaty with Switzerland takes precedence over this state's "Buy American" law.

Already purchasing men in other states are studying the effects of Mosk's opinion. (See their comments at right.) State Department officials in Washington are voicing open approval of the ruling. They regard it as strengthening their hand in dealing with foreign nations on reciprocal trade matters.

Meanwhile, General Electric and Westinghouse—who plead for enforcement of California's Buy American law—had not formally indicated whether they would take their case to court. Indications were that they would not.

Questioning Ruling

Some observers are questioning whether the attorney general's ruling could stand up in court. A court test of the ruling could open a Pandora's box of complicated issues ranging all the way from states rights through treaty procedures and international good will.

The ruckus started when GE and Westinghouse complained that the Los Angeles Department of Water & Power had violated California law by awarding a \$9.2-million contract for two 230,000 kw steam generators to the Swiss firm of Brown-Boveri. A Redwood City, Calif., assemblyman asked the Attorney General's office for a ruling. The GE bid for the same equipment was \$14,757,930. The Westinghouse bid was \$15,168,000. (Both were subject to upward revision.) The Brown-Boveri bid was firm.

Mosk's office took into consideration the state law that says municipalities must buy products only from suppliers "who agree to use or supply substantially all materials that are manufactured in the U.S."

But, Mosk said, the California law conflicts with the federal "favored nation" treaty with Switzerland. When such a conflict occurs, he added, the federal treaty prevails. Therefore, he ruled the Los Angeles contract is valid.

First Conflict with U. S. Treaty

Although a dozen states have similar Buy-American laws, this is apparently the first time that such a law has been found to conflict with a federal treaty.

The federal favored nation treaty with Switzerland was signed in 1936. It includes a clause exempting products "purchased for governmental purposes and not for resale or use in the production of goods for sale." Mosk said this exemption doesn't apply in the Los Angeles case, because electricity would be produced by the generators, and this power would then be used to produce other goods for sale.

The ruling applies only to state funds. Federal Buy American law is permitted to prevail over such treaties in many instances—depending on international negotia-

tions under the general agreement on tariffs and trade.

Three purchasing executives polled by PW reporters for their initial reaction to the California ruling were Charles Sullivan, state purchasing agent of New Jersey; John Dyer, state purchasing agent of Maine; and a spokesman for the N. Y. State Division of Standards and Purchase.

Said Sullivan: "Our state Buy-American law allows me to use discretion when a material isn't available in the United States or when the difference in price is so great as to be exorbitant. The law gives me the right to buy outside the U.S. when it would be inconsistent with the public interest to buy from an American firm. But normally, if we get a bid from a foreign firm, we just don't honor it."

Sullivan added that the New Jersey law requires in-America purchase of all materials used in

construction, alteration, or repair of any public building or highway.

Maine's P.A. Dyer told PW: "We have no 'Buy-American' law as such, but we have a standardization committee set up by law that includes the governor, myself, and two industry representatives."

"This committee passed a resolution back in 1950—that has since been reconfirmed—by which we reserve the right to reject foreign bids when they are in competition with American products. So far, we've been able to adhere to this policy."

Dyer went on to say that the only softening of Maine's policy

to date may come as a result of overseas-manufactured office equipment. But such a relaxation is still not definite policy, he pointed out.

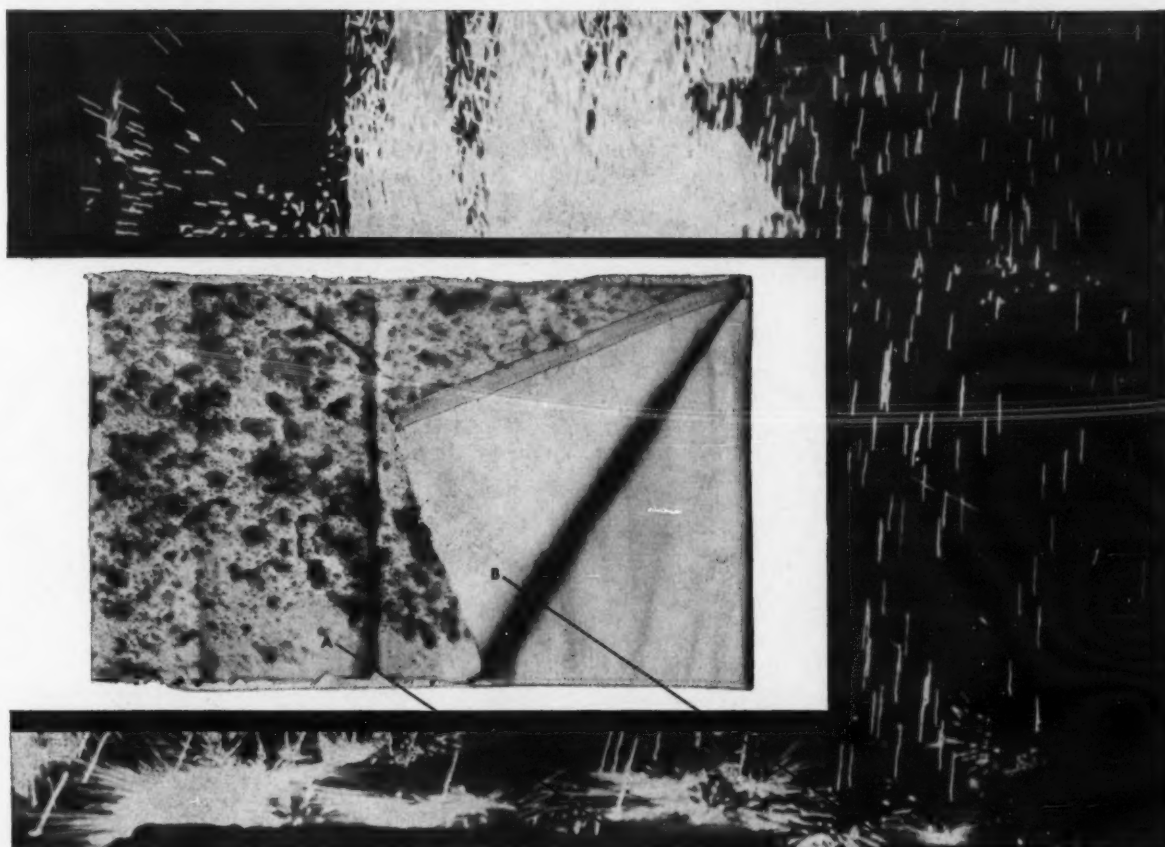
The New York spokesman said that although there is no specific state law requiring Buy-America, "All bids must be on domestic or domestic-made items, unless otherwise specified in the proposal or specifications. Substitution for domestic items will result in cancellation of the contract." He added, "The question of a conflict with federal treaties has never come up."

As for foreign suppliers, he said, "They just die by the wayside as far as we're concerned."

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